

ET's Home? Planet Orbits a Sun-Like Star Astronomers Confirm Solar System Exists Just 40 Light Years From Earth

By Kathy Sawyer
Washington Post Service

WASHINGTON — For the first time, astronomers have confirmed the discovery of a planet around a star similar to the sun.

The star, 51 Pegasi, is just 40 light years away from Earth and is visible to the naked eye in the northern hemisphere.

The long-awaited discovery of a planet in a system apparently similar to our solar system has made the fifth-magnitude star the focus of intense excitement among astronomers around the world as word spread this week that the findings had been independently verified.

The newly discovered planet's nature is certainly not compatible with life as we know it. It is only 5 million miles from its star — one-twentieth the distance from the Earth to the sun — where its temperatures are about 1,800 degrees Fahrenheit (almost 1,000 centigrade).

It is "literally skimming the surface of the star," said Paul Butler, a postdoctoral researcher at the University of California at Berkeley.

The detection of a planet with at least half the mass of Jupiter (or about 160 times the mass of Earth) was first reported Oct. 6 at a meeting in Florence by Michel Mayor and Didier Queloz of the Geneva Observatory in Switzerland. But the scientists remained skeptical because there had been a string of sim-

ilar claims that failed to stand up to scrutiny. In the last decade, there have been several reported discoveries of planets orbiting stars elsewhere in the universe, most of which proved erroneous.

Until now, the only unshakable evidence of planets outside the solar system had been found in a system that is dramatically different from the sun's. That was the confirmation within the last three years of at least two planets orbiting a whirling dead star called a pulsar that, instead of light, emits a barrage of deadly invisible radiation.

The confirmation of the 51 Pegasi planet gives new credence to theories that there are other earth-like worlds that could harbor life, said Geoffrey Marcy, professor of physics and astronomy at San Francisco State University, whose team confirmed the discovery.

"It's wild," he said. "I'm getting 60 or 70 e-mails per day from astronomers all over the world."

Last week, in four days of observations using the three-meter (10-foot) telescope at the Lick Observatory near San Jose, California, Mr. Marcy and Mr. Butler made independent measurements of the 51 Pegasi system.

They had never studied that star during their own years of searching for planets, they said, because it had been misclassified in a leading star catalogue. Then they heard about the Swiss team's

See PLANET, Page 8

France Is Set to Join Pact On a Nuclear-Free Pacific But Tests Will Be Completed First

By Joseph Fitchett
International Herald Tribune

PARIS — In an initiative to blunt Asian protests against its nuclear testing, France is preparing a commitment — along with the United States and Britain — to honor the South Pacific as a nuclear-free zone, Western officials said Thursday.

The significance of the pledge lies in France's readiness to sign a treaty, presumably once its present series of tests in Polynesia has been completed, that would effectively halt any further work at the Pacific sites where Paris has carried out its nuclear tests for two decades.

President Jacques Chirac apparently intends to announce, possibly as early as Friday, French readiness to join the Pacific nonnuclear pact. The announcement could coincide with his arrival at the United Nations for ceremonies marking the organization's 50th anniversary.

French hopes for a theatrical effect at the gathering of world leaders were slightly spoiled Thursday when news about the impending announcement leaked in Washington.

In terms of French policy, the move changes little. Paris has already said that it intends to join a global treaty, expected to be ready next year, that would ban all nuclear blasts. It has also announced that it will permanently close its nuclear sites in French Polynesia when the current tests are completed, presumably next year.

But in making its announcement now, a French presidential aide said, "We are offering further evidence of France's vowed intentions of ending any and all testing once our arsenal is safe."

The South Pacific treaty protocols to be signed specifically ban testing, stockpiling or dumping nuclear materials — in addition to the use or stationing of nuclear weapons — in the Pacific Ocean south of the Equator. The area is bounded by Australia, Antarctica and South America.

But the United States, Britain and France would still be allowed to send nuclear-powered or nuclear-armed ships and

aircraft through the zone. In any case, American nuclear weapons are now accurate enough to hit targets anywhere in the world from U.S. territorial waters.

But the public commitment by France and the two other Western nuclear powers is intended to underline all three governments' commitment to reducing their nuclear weapons-related activities.

The Clinton administration signaled weeks ago that it was ready to reverse Washington's long-standing objections to the nuclear-free zone.

By signing, an American official was quoted Thursday as saying, Washington hopes to prove its good faith to nations that agreed this year to a permanent extension of the treaty against the spread of nuclear weapons.

Mr. Chirac has more compelling motives for moving now and seizing the high-profile UN event to offer a concession that may mollify the mounting chorus of complaints about his decision to order a final series of French tests on Mururoa and

See PLEDGE, Page 8

Bond Dealer Pleads Guilty, Says Daiwa Aided Cover-Up

Compiled by Our Staff From Dispatches

NEW YORK — A former Daiwa Bank Ltd. bond trader pleaded guilty on Thursday to hiding losses of \$1.1 billion on unauthorized trades and said senior managers at the Japanese bank had lied to the U.S. Federal Reserve about his activities.

The former trader, Toshihide Iguchi, appearing somber and younger than his 44 years at a federal court appearance in Manhattan, told a judge that he had agreed to cooperate with federal prosecutors in the case.

He also said that Daiwa's senior management had approved a further cover-up of his bond scheme as recently as last month, just before the bank informed U.S. regulators of the losses.

He said that after he first told senior management about the scheme in July, he was asked several days later "to continue concealing the losses."

In an explosive statement read to Judge Michael Mukasey in U.S. District Court, Mr. Iguchi said he had told Daiwa senior management that he would have to sell securities and forge additional bank statements to continue concealing the losses.

He told the judge that he received permission to proceed and sold securities in three different instances last month, shortly before Daiwa informed American regulators about Mr. Iguchi's 11 years of unauthorized trading.

Mr. Iguchi said that in addition to the sales of securities management, he produced two fictitious bookkeeping statements with the knowledge of management.

His statements were the first time that the senior management of Daiwa Bank, based in Osaka, was directly implicated for approving Mr. Iguchi's cover-up of losses

See DAIWA, Page 8

Belgian Lawmakers Authorize Indictment Vote Will Force Claes Out of NATO

By Tom Buerkle
International Herald Tribune

BRUSSELS — The Belgian Parliament voted Thursday to lift the immunity of Willy Claes to face corruption charges before the country's highest court, a move that was expected to force Mr. Claes to resign Friday as secretary-general of NATO.

The vote by the Chamber of Representatives, the lower house of Parliament, endorsed the view of the high court that there were sufficient "indications of guilt" that Mr. Claes had committed corruption, fraud and forgery in connection with payments made by two companies — Italy's Agusta and France's Dassault — in 1989 to win defense contracts.

Mr. Claes, who was Belgium's economics minister at the time, rejected the accusations as nothing less than a "political assassination" in a dramatic appeal to his former parliamentary colleagues on Thursday evening.

But the members deliberated barely an hour before voting, 97 to 52, to refer his case to the high court for prosecution, which is equivalent to an indictment.

A NATO official, quoted by Agence France-Presse and speaking on condition of anonymity, said Mr. Claes would resign Friday, summoning the ambassadors of the 16 NATO members to inform them of his decision.

The affair was uncovered by investigators looking into the as-yet unsolved 1991 murder of Andre Coolx, a former minister and leading figure in Belgium's French-speaking Socialist Party. The episode has dominated the Belgian political scene for nearly two years, forcing four former ministers to resign and apparently provoking the suicide of the former head of Belgium's air force in March, after news reports linked him to the scandal.

A resignation announcement will rock the alliance at a time when it can least afford it. NATO is working urgently to find ways to integrate Russian troops into a NATO-led peace force in the former Yugoslavia.

But alliance sources said it could take weeks to find a successor because of internal opposition to the two leading candidates — Rudi Lubbers, a former Dutch prime minister, and Uffe Ellemann-Jensen, a former Danish foreign minister. Hans van den Broek, the European Union's foreign affairs commissioner, has



Mr. Claes outside the Parliament after his appeal to lawmakers Thursday.

also been mentioned as a possible candidate.

Officials at NATO played down the prospect that a successor might be chosen this weekend, when many alliance foreign ministers and heads of government will gather in New York to celebrate the 50th anniversary of the United Nations.

Speculation has focused on Mr. Ellemann-Jensen, the leader of Denmark's op-

position Liberal Party, and Mr. Lubbers, but NATO sources did not exclude a dark horse because of potential opposition to both men.

President Jacques Chirac has lashed out at the Danish government for its criticism of France's resumed nuclear testing, and he could veto Mr. Ellemann-Jensen in retaliation, sources said.

Mr. Lubbers remains tarnished by his

failed bid for the presidency of the European Commission last year. Chancellor Helmut Kohl torpedoed that candidacy because of Mr. Lubbers's hesitation toward German unification, and could do so again, sources said.

"There's going to be a lot of horse trading," a NATO source said, "and these guys have sharp elbows."

Nevertheless, the negative consequences of a leadership stalemate at a time when the alliance faces crucial decisions on the policing of a Balkan peace agreement and enlargement into Eastern Europe led most NATO officials to predict a fairly swift agreement on a successor.

Mr. Claes's fate has been clouded by uncertainty since February, when he reversed previous denials and acknowledged having been told of offers of payments from Agusta. He has denied any wrongdoing, however, as have officials at Agusta and Dassault.

Corporate funding of political parties was both legal and a mainstay of the Socialists in the 1980s, but any payments aimed at influencing contracts would be illegal.

In seeking to prosecute Mr. Claes, the high court acknowledged having only "indications of guilt" rather than hard evidence.

Earlier Thursday, the lower house also voted to continue investigations into Guy Coeque, a former defense minister, in the Dassault affair.

Reuters reported from Brussels:

Mr. Claes, 56, began his tenure as the NATO secretary-general with glowing references from his time as Belgium's foreign minister.

His short period as NATO head has taken place at a time of unprecedented activity for the alliance and, though never a popular figure, he has won praise for firmly steering NATO through a political and diplomatic minefield.

Mr. Claes, the eighth secretary-general since the alliance was created in 1949, oversaw NATO's policy of air strikes this year against the Bosnian Serbs, the first major combat operation by the alliance which won the Cold War without firing a shot.

A stubborn, blunt politician, he has also worked hard to repair damaged relations with Russia, angered by NATO's plan to expand eastward, and to preserve unity in the face of deep differences with the United Nations over policy in former Yugoslavia.

Nationalist Surge to Claim Yeltsin's Foreign Minister

By David Hoffman
Washington Post Service

MOSCOW — President Boris N. Yeltsin served notice Thursday that he intended to replace Foreign Minister Andrei V. Kozyrev, whose pro-Western views have made him a target of criticism as Russia's political consensus drifts toward nationalism and isolation.

The decision to replace Mr. Kozyrev, foreign minister since 1990, not only reflects rising nationalist sentiment but also appears to be a defensive move by Mr.

Yeltsin before the parliamentary election on Dec. 17 in which nationalists and Communists are expected to do well.

At a news conference Thursday with American and Russian correspondents before his meeting Monday with President Bill Clinton, Mr. Yeltsin also acknowledged "some coolness" in the relationship with Washington, "especially after the euphoria" that followed the Cold War.

Although he took pains to emphasize his good relationship with Mr. Clinton, Mr. Yeltsin stood fast on a series of recent disagreements between Russia and the

United States, including on the command of Balkan peacekeeping forces, the bombing campaign against the Bosnian Serbs, the enlargement of the North Atlantic alliance and the sale of nuclear reactors to Iran.

But Mr. Yeltsin, while asserting Russia's global importance, also conceded that there were practical limits on its role in the multinational force now being assembled for the Bosnia conflict. He said Russia could not afford the cost of a division of about 7,000 soldiers and would have to settle for fewer.

Mr. Yeltsin, who answered questions for 70 minutes in Yekaterinsky Hall in the Kremlin, described the war in Chechnya, and the huge toll in human lives, as the "biggest disappointment I have felt in my term in office."

He added, "Perhaps something could have been done better, how to say — you could have acted in a finer manner."

No more troops will be sent to the secessionist republic, he continued, expressing no remorse about fighting "real bandits" in Chechnya and insisting that his decision

See YELTSIN, Page 8

AGENDA

Fears of New Serb Massacre in Bosnia

A Western diplomat said Thursday that his government feared that Bosnian Serbs backed by a Yugoslav paramilitary unit with close ties to President Slobodan Milosevic of Serbia had killed up to 2,000 Muslim men in northern Bosnia in the last month.

The diplomat spoke on the same day that John Shattuck, the U.S. assistant secretary of state for human rights, said he had gathered evidence that "if confirmed, could very well lead to further indictments" of Bosnian Serb leaders by the United Nations' war crimes tribunal.

The accusations are surfacing as the West prepares for another round of peace talks to end the war in Bosnia-Herzegovina and resolve a tense military stand-off in Croatia. (Page 7)

THE AMERICAS Page 3
Clinton Threatens a Veto

ASIA Page 4
A Lift for Party in India

EUROPE Page 5
Spain's Socialists Assail Probe

THE CAR COLUMN Page 13
A New MG: Too Perfect?

Opinion Pages 10, 11. Sports Pages 22, 23.
Books Page 11. Crossword Page 23.



ON THE WAY HOME — A girl carrying bread from a soup kitchen in Sarajevo, Bosnia-Herzegovina.

Slowly and Agonizingly, Shevardnadze Turns Georgia Around

By Michael Specter
New York Times Service

TBILISI, Georgia — These are lonely days for the grim, white-haired man who runs Georgia. His dark green eyes stopped twinkling a long time ago. He shuffles when he walks, as if he were wearing leg irons.

In a way he is, for if anyone must bear the full weight of the burdensome freedoms that have descended on the countries of the former Soviet Union, it is Eduard A. Shevardnadze, the man who helped create the epoch he now must endure.

Lionized in the West for helping end the Cold War when he served as President Mikhail S. Gorbachev's foreign minister, he returned to this country of 5.5 million people three years ago, after the breakup of the

Soviet Union, to find his newly independent nation convulsed by civil war.

Mr. Shevardnadze, 67, former leader of the Georgian Communist Party, acknowledged in a long interview here that he had no idea when he returned what he was getting himself into.

"I was aware that things were very difficult," he said, his face rigid at the memory of the time when Georgia seemed about to slip into anarchy. "But when I got home, I could not even recognize my own people. I felt as if I was dipped in boiling tar."

Mr. Shevardnadze, who had grown used to meeting with presidents and dining with kings, quickly found himself wading through muddy woods in combat boots and watching with horror as his young countrymen hacked one another to death in battles between forces loyal to him and those driven by extreme nationalism.

Even now he lives wrapped in a paramilitary cocoon. After the latest attempt on his life — a car bombing that wounded him in August as he was about to celebrate the passage of a constitution — the German government donated a new armor-plated Mercedes.

"I cannot believe there is a more tragic political figure in this world," said Keti Dolidze, a Georgian film maker who, like many intellectuals here, is an unofficial adviser to Mr. Shevardnadze. "He even looks like he belongs in a Shakespeare play. He had one of the century's great political lives. And here he is punished."

The Georgian people are expressive and famously open. It would be hard to find a country with a higher percentage of writers, painters, film makers and musi-

cians. Cafés are always crowded, even though nobody, in theory at least, earns any money.

Unlike the main streets in almost any other capital of a former Soviet republic, Rustaveli Prospekt, which rolls gracefully along the bank of the Kura River, is named after a poet, not a revolutionary.

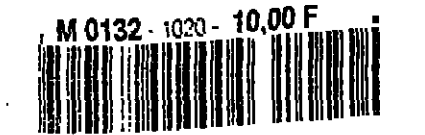
People here spend their time talking about their leader and their future and their past. He makes them crazy because he is the symbol of all their hopes — and how hard they have been to realize. But there is little doubt that he will be elected president when he runs against five other candidates in November.

So if Mr. Shevardnadze has been punished by his people, it has been in a special way, a Georgian way. Unlike the Russians, who cast Mr. Gorbachev upon

See LONELY, Page 8

Dow Jones	Trib Index
Up 24.93	Up 0.54%
4832.45	126.52
The Dollar	Thurs. close
DM	1.407
Pound	1.5755
Yen	100.375
FF	4.9485

Newsstand Prices	10.00 FF	10.00 L	10.00 Fr
Andorra	10.00	10.00	10.00
Armenia	12.50	10.00	14.00
Cyprus	12.50	10.00	14.00
Egypt	10.00	10.00	12.50
France	10.00	10.00	10.00
Germany	11.00	10.00	12.50
Greece	350 Dr	10.00	12.50
Italy	2,600 Lire	10.00	12.50
Japan	1,250 Yen	10.00	12.50
South Korea	1,250 Won	10.00	12.50
Taiwan	1,250 NT	10.00	12.50
U.S.	1.50	10.00	12.50



Winds of Nationalism Blow In / Will United Kingdom Remain United?

More and More, Scots Think About Independence

By John Darnton
New York Times Service

PERTH, Scotland — Michael Payne, a guide who knows just where to sink the hook to land a trout in a lake in the Highlands, peered off into the early morning Scottish mist while he pondered the question of independence from England.

Then he made his pronouncement: "We've got all the resources up here, oil, gas, salmon, whisky. England takes from us and doesn't give us anything back. We'd be better off without them."

Mr. Payne is not alone. In the last few years, sentiment for independence for Scotland has grown by leaps and bounds, after rising in the mid-1970s and then tapering off in the 1980s.

It can be seen in public opinion polls, which show nearly one-third of Scotland's 5.1 million people backing independence and two-thirds saying they regard themselves as Scottish rather than British. Both figures are up from a decade ago.

It can be seen in the rise of militant groups, like Settlers' Watch or the Scottish National Liberation Army or Flame. They advocate terrorism, like burning the homes of English who move to Scotland, but so far have rarely gone beyond the harassment of death threats and hoax letter bombs.

Still, the police are concerned. And last month, a Labor politician, George Robertson, who would be secretary for Scotland if a Labor government came to power, warned in a memo about "the darker side of nationalism."

Finally, the new nationalist sentiment can be seen in rising support for the Scottish National Party, the political party advocating independence. It won a critical off-year election this summer in Perth and Kinross, ousting a Tory member of Parliament in what had been a die-hard Tory district.

"I don't try to predict the future, but things are clearly accelerating towards independence," said Alex Salmond, 40, an economist who heads the Scottish National Party. "I'm not going to put an exact time scale on it, but I would hope by the turn of the century, the new millennium, that Scotland will have made substantial progress in that direction."

Wales, which together with Scotland, Northern Ireland and England makes up the United Kingdom, is also seeing rising nationalist sentiment.

The Scottish National Party is not as strong as it was in the mid-70s. In 1974 the party elected 11 members to Parliament, and it now has 4. It runs far behind the dominant Labor Party, which has a strong base in the industrial strongholds of Glasgow and Edinburgh and holds 49 of Scotland's 72 seats in the national Parliament at Westminster. (Among the remaining seats, Conservatives have 10 and the Liberal Democrats have 9.)

Labor's strategy for keeping its hold is to promise a devolution of power, through a local parliament that would have certain limited powers, most of them now wielded by the Scottish Office, but also including the power to raise or lower taxes within a margin of 3 percentage points of the amount set in London.

Prime Minister John Major has denounced Labor's devotion as "teenage madness" and something that would increase taxes, which he derides as a "tartan tax." The Conservative Party under Mr. Major takes the



Alex Salmond, second from left, hopes Scotland "will have made substantial progress" toward independence by 2000.

unionist line and warns that a breakup would be tragic for the entire United Kingdom.

But Labor's pledge is popular. About 52 percent of people in Scotland like the idea of having their own assembly with some taxation and spending powers, according to a survey in May by the polling concern Market and Opinion Research International.

The pledge also has the advantage of Labor's throwing opponents off balance. The Scottish National Party conference held last month in this highland city was split between those, like Mr. Salmond, who thought a local parliament could be exploited as a stepping stone toward independence, and those like Jim Mitchell, a councilor from Renfrew, who denounced it as "a sellout, a never-ending parrot cry, a compromise between liberty and subjugation and a wishy-washy insult to the Scottish people."

It is not just Scottish nationalist members who see a day when Scotland, which voluntarily merged its Parliament with England's in 1707, a century after the crowns were united, will break away, dissolving Britain. The winds of nationalism blowing in from Europe and elsewhere are causing people to reassess the core of their loyalty and their identity.

"The most noticeable feature of Scottish life over the past 20 years is the diminution of the sense of being British," said Alan Massey, a freelance political columnist who writes for The Scotsman. "I don't want independence. I'm not in favor of it. But I believe it's likely within 20 years."

He cited the reasons for it. "First, the loss of empire. Scotland always thought itself to be an equal partner in the empire. That was sat-

isfying. Then, the general decline of Britain. If you're a junior partner in a declining enterprise, that's not an effective position to be in.

"And finally, there's the fact that we now have access to the London-dominated media. Every time an Englishman on television says England when he means Britain, even a unionist Scot bristles."

Most of Scotland's traditional industries, like shipbuilding, went into terminal decline in the 1970s, just as the North Sea oil was discovered. The recession of the early 1980s hit Scotland particularly hard, but now many of its new industries, electronics, tourism and financial services, have raised employment higher than in many other parts of Britain.

The nationalism that soared in the mid-1970s culminated in a 1979 referendum on a separate legislature. Although a majority of those who voted were in favor, the measure failed because the turnout fell short of 40 percent of the registered electorate.

This time around, the sentiment for loosening the covenant with England seems to come from economic confidence rather than economic depression and a conviction that Scotland might fare better on its own.

The mood is fed by the sense that membership in the European Union could provide some economic security while giving vent to national sovereignty, and by grievances that have piled up during 16 years of Conservative rule.

Mr. Salmond, the Scottish National Party head, insists that membership in the European Union dilutes the economic argument. "The

classic case for unionism was that Scotland needed to be in the United Kingdom to get access to the English market. Now the market for Scotland is not 5 million Scots or about 60 million people in the United Kingdom, it is 380 million to 400 million people in the European Union. We don't need to be in a union with England to have access to that marketplace."

The argument over whether Scotland would benefit economically if it were to strike out on its own falls rapidly into a battle of accountants and researchers.

In the long run, though, emotion and not cold financial logic is likely to have a stronger determinate effect on what happens, along with events far from these shores. Scotland is closely following developments in Canada to see if Quebec votes to break away, which would aid its separatist movement.

And strangely enough, Hollywood is playing a role in the resurgence of nationalism. Every night in Perth and other cities and towns throughout the country, Mel Gibson races across the screen as the 13th-century Scottish folk hero William Wallace, his face painted warrior's blue as he strikes a martyr's blow for freedom against the perfidious English.

In some theaters where the Gibson movie "Braveheart" is playing, the audience erupts in cheers. The Scottish nationalists, distributing leaflets outside theaters, sign people up on the way out.

"We got nine new members just last night," said Mae Sanderson-Brown from Elderslie. The movie may have a few historical inaccuracies, she acknowledged, adding with a sigh, "But, ah, it does stir the blood."

New York Braces For UN Gathering
City Scrambles to Provide Security for 180 LeadersBy James Barron
New York Times Service

NEW YORK — The leaders of more than 180 nations — trailed by aides, bodyguards and reporters from back home — are descending on New York City for the 50th anniversary of the United Nations. The official gathering, which starts Sunday morning, will be the largest such event in history.

From a police training ground where officers drilled with mock demonstrators and fake hand grenades, to vest-pocket parks where protesters set up camp, the city has begun to gear up for a period of high security, heavy traffic and an astonishing parade of dignitaries — including President Jiang Zemin of China; President Boris N. Yeltsin of Russia; President Fidel Castro of Cuba and the Palestinian leader Yasser Arafat.

City officials declared a gridlock alert for Manhattan from Saturday through Tuesday, warning that the UN gathering will close many more streets and could create more traffic bottlenecks than the visit of Pope John Paul II two weeks ago.

Already, more than 3,000 federal agents from the Secret Service and the FBI have converged on the city. "Every country has their problems," said one FBI official, who spoke on condition of anonymity. "Every one of these countries has a potential group that is out of favor with the government."

A round-the-clock command center was set up at the FBI's office in lower Manhattan, and dozens of agents from other domestic units were reassigned to track possible threats against the visiting leaders.

Federal law enforcement officials said they were particularly concerned about Mr. Arafat, Prime Minister Yitzhak Rabin of Israel and the Egyptian president, Hosni Mubarak, who barely escaped an assassination attempt recently in Ethiopia.

TRAVEL UPDATE

Spain Pilots Call November Strikes

MADRID (AP) — The Spanish airlines pilots association on Thursday called eight 24-hour strikes for November in a protest against management at the ailing state airline Iberia.

But a spokesman for the association conceded that the strikes set for Nov. 1, 2, 5, 6, 9, 10, 13 and 14 would probably have little effect. Under a government mediation regulation, 80 percent to 90 percent of the pilots will have to work anyway.

The association says Iberia's management has not kept its end of a bargain in carrying out a restructuring. The European Commission has refused to allow a capital injection without the restructuring.

German Rail Punctuality Slipping

HAMBURG (AP) — German express trains have been running increasingly late since unification in 1990, with only 69 percent of trains arriving on schedule, a television report said Thursday.

The statistics on Intercity train service in July came from Deutsche Bahn, united Germany's railway company. In July 1994, 76 percent of Intercity trains were on time, while 85 percent were punctual in July 1993.

French Unions Pondering Walkout

PARIS (AP) — French unions are considering a nationwide protest action — possibly a general strike — next month to protest planned cuts in social security, a union official said Thursday.

The official, Louis Vianet, president of the General Labor Confederation, or CGT, said he was contacting his counterparts at other unions. "The CGT believes that labor unions must join together to consider a strong interprofessional action on a national scale in mid-November," he said.

The start of a three-day strike by Italian journalists over the pace of wage talks shut down broadcast and print news operations Thursday. (APF)

Iri Maruki Dies, Painted The 'Hiroshima Panels'

Compiled by Our Staff From Dispatches

TOKYO — Iri Maruki, a painter who won world renown for his panels depicting the aftermath of the U.S. bombing of Hiroshima, died of a heart attack on Thursday. He was 94.

With his wife, Toshiko, Mr. Maruki devoted his life to painting the "Hiroshima Panels" for which the couple received the International Peace Cultural Award in 1952.

The 15 panels, painted on rice paper on a set of folding screens, each two meters (about six feet) high and seven meters long, show a surreal view of victims under an atomic "mushroom cloud."

Born in Hiroshima, Mr. Maruki met his wife-to-be in Tokyo in 1941 when Japan

started its war with the United States. When the bomb exploded on Hiroshima, the couple was in Tokyo, hiding from air raids on the capital. Mr. Maruki returned to Hiroshima soon after the bombing on Aug. 6, 1945, which killed 140,000 people.

Shocked by the horrors of the bombing, the couple devoted themselves for nearly 40 years to painting the panels. They were seen by millions of people when they were few photographs of the tragedy because of military censorship.

Mr. Maruki, who became widely known for his anti-war and anti-nuclear messages, also depicted the battle of Okinawa and the massacre of Chinese civilians by Japanese soldiers in Nanking. (Reuters/AP)

Selling Goodwill, Not Goods, Brown Ends China Trip

By Kevin Murphy
International Herald Tribune

HONG KONG — The latest swing through China by the U.S. commerce secretary, Ronald H. Brown, ended in Hong Kong on Thursday with American and Chinese officials emphasizing tone and atmosphere over substantive agreements.

That may have been the entire point.

On his last China mission in April 1994, Mr. Brown and a phalanx of American business leaders signed \$6 billion worth of deals. This time, no major new contracts appeared but no

new controversies either. In their place, Mr. Brown and his hosts established a public bonhomie that suggests Pres-

NEWS ANALYSIS

ident Bill Clinton and his Chinese counterpart, Jiang Zemin, will have a less strained meeting in New York on Tuesday than many analysts expected a few days ago.

"They've done everything they could to show that Ron Brown is someone they can deal with," a senior American official said of Mr. Brown's treatment in Beijing. "And they've done a lot to set a pos-

itive tone for the Jiang-Clinton talks."

Mr. Brown's strong emphasis on commercial issues and a friendly, flattering personal style play well in most places in China, where local custom requires such pleasantries even when serious problems rumble beneath the surface of relationships.

And, unlike other American officials who have traveled to China in recent years to talk about trade, human rights or security-related problems, Mr. Brown's public criticism of Beijing was muted and polite.

A host of complex problems still divide Beijing and Washington, notably Taiwan, the spread of nuclear arms, trade and human rights.

They were apparently discussed but without U.S. lectures or threats of retaliation for perceived Chinese transgressions.

Mr. Jiang again voiced Beijing's indignation at Washington's decision to allow President Lee Teng-hui of Taiwan

to visit the United States on an unofficial visit. China believes the move broke the spirit of earlier agreements on relations with Taiwan.

Mr. Brown, speaking in Hong Kong on Thursday, said he had repeated the U.S. position that it had not changed its "one-China policy" in which it recognizes Beijing, not Taipei.

"I think that is an issue that will soon be behind us," he said.

He saved his strongest rhetoric on China until after he left Beijing. Speaking in Hong Kong, he cited the growing Chinese trade surplus with the United States, which could reach \$40 billion by the end of the year, persistent enforcement problems in protecting intellectual property and serious barriers to U.S. trade and investment.

"We have been very frustrated by the slow progress that has been made," Mr. Brown said of stalled approval for five contracted power plant projects, which made up the bulk of his \$6 billion in deals struck in

1994. "Not a single major private power project has come to fruition in China and that is just unacceptable."

He also criticized protectionist Chinese laws that give local companies what Mr. Brown called an unfair advantage over foreign exporters and investors. He described protection of international property rights as "spotty" — it has to be improved.

At the same time, however, Mr. Brown sounded far more conciliatory on the continuing dispute over China's membership in the World Trade Organization.

The two sides differ on how to measure China's economic development, a key factor in determining how much the country must open up to qualify for WTO membership.

"We have to find ways to deal with the realities of China at this stage in its development," Mr. Brown said Thursday. "It's a unique situation. It will require some give and take."

Until recently, U.S. policy statements suggested that it was up to Beijing, not Washington, to be more flexible.

China responded to the behavior of a well-mannered guest in kind.

President Jiang met Mr. Brown in a special room for foreign dignitaries he had not used before. According to the Commerce Secretary, this gesture was a symbol of respect for the visitor and a sign of Mr. Jiang's growing confidence as China's leader as the Deng Xiaoping era fades.

In Beijing on Thursday, a spokesman for the Foreign Ministry, Chen Jian, described Mr. Brown's visit as "a positive and fruitful one, conducive to promoting the gradual improvement and development of Chinese-U.S. relations."

As Mr. Brown said in Hong Kong: "Clearly there are differences of opinion. But I think they will be discussed in a positive spirit that looks forward to a much improved relationship."

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THE AMERICAS

POLITICAL NOTES

From Clinton, Confession on Taxes

WASHINGTON — An offhand confession by President Bill Clinton that he had raised taxes "too much" in his first budget in 1993 drew immediate mockery from congressional Republicans. And angry Democrats accused him of repudiating a package that they had stuck their necks out to pass without a single Republican vote.

Speaking at a campaign fund-raiser in Houston, Mr. Clinton said: "Probably there are people in this room still mad at me at that budget because you think I raised your taxes too much. It might surprise you to know that I think I raised them too much, too."

The president, who took office promising both a tax cut for the middle-class and higher taxes for the wealthiest Americans, deferred the tax cut in favor of further reducing the federal budget deficit. In the speech Tuesday, he seemed to blame both Democrats and Republicans for forcing his hand, although he defended his decision as "the right thing to do."

After the remarks caused a small furor on Capitol Hill the next day, the White House said that they were being taken out of context. But members of both parties in Congress, debating Republican plans for tax cuts that Clinton bitterly opposes as too deep, saw no such subtleties.

The chairman of the House Ways and Means Committee, Representative Bill Archer of Texas, said that Mr. Clinton had "finally come up with at least a half truth when he says he raised taxes too much; the full truth is he shouldn't have raised taxes at all."

Senator Daniel Patrick Moynihan, Democrat of New York, who helped steer Mr. Clinton's proposal through the Senate Finance Committee, said the 1993 budget's deficit reduction had improved the economy and was something to be proud of.

"He keeps conceding these things," Mr. Moynihan said. "He doesn't understand that he's conceding the principles." (NYT)

Powell Leads in New Hampshire

WASHINGTON — New Hampshire voters who say they are likely to vote in their state's Republican presidential primary favor General Colin L. Powell over Senator Bob Dole and the other announced contenders, according to a new poll. New Hampshire is traditionally the nation's first presidential primary, often setting the tone for the campaign.

The survey, conducted by Chris Potholm, who has run a polling operation at Bowdoin College in Maine for two decades, found Mr. Powell drawing 34 percent, compared with 25 percent for Mr. Dole, 16 percent for Patrick Buchanan and 16 percent undecided. If Mr. Powell, who has not announced a candidacy, is excluded from the race, Mr. Dole leads with 35 percent.

The poll, of 300 voters, was conducted the last week in September. The margin of sampling error was plus or minus six percentage points. (NYT)

Well-Heeled Candidate Runs Well

WILMINGTON, Delaware — When he launched his presidential bid 27 days ago, the little-known Malcolm S. Forbes Jr. had one undeniable asset — a grand ability to write checks for the campaign.

He has poured an extraordinary \$1.5 million into television advertisements since then and surprised those who chuckled at the notion of a somewhat-awkward millionaire publisher making his first try for elective office.

"He's getting to be a household name very quickly," said John Stabile, the state's Republican chairman. "His message seems to be gaining momentum." Mr. Stabile added, "If he spends a lot of time here and puts together a staff, I think he's got an opportunity to change the playing field." (WP)

Quote / Unquote

Louis Farrakhan, the Nation of Islam leader, at a press conference in Washington: "We intend to be a force in the next election." (AP)

Away From Politics

● A federal judge has ruled that Buffalo, New York, schools have been successfully integrated, closing a 23-year-old discrimination case and granting the Board of Education complete control over maintaining racial balance. (AP)

● Fearing possible extinction of the monarch butterfly, Canada has followed Mexico in designating reserves for the migratory insects, conservation officials said. (Reuters)

● A witness in the Oklahoma City bombing case has told the authorities that the principal suspect, Timothy McVeigh, showed him a truck-bomb diagram and asked for his help in testing explosives for the attack, a Dallas newspaper reported. (AP)

● Alligators roamed flooded residential streets and yards after up to 20 inches (51 centimeters) of rain fell in 24 hours in parts of southern Florida. Hundreds of people on both coasts of the region were evacuated as waters rose as much to 3 feet (90 centimeters) into homes and up to 5 feet in streets. (AP)

● The Los Angeles Times will resume publication of its Washington edition, the editor of the daily announced. The edition was discontinued during a cost-cutting drive last summer. (NYT)

FBI Chief Promises to Punish Any Misconduct at Standoff

WASHINGTON — The FBI director, Louis J. Freeh, promised Thursday to deal "swiftly and decisively" with any misconduct in the deadly standoff at Ruby Ridge, Idaho, in 1992.

Five top FBI officials, including the former deputy director, Larry Potts, are under suspension amid a federal criminal investigation of the destruction of Ruby Ridge documents at FBI headquarters.

The incident arose in a standoff with a white separatist, Randy Weaver. An FBI sniper shot Mr. Weaver's wife, Vicki, on Aug. 22, 1992, as she stood behind the cabin door holding her infant daughter.

A day earlier, the Weavers' 14-year-old son, Sam, and a deputy U.S. marshal, William Degan, died in a gunfight as federal agents scouted Mr. Weaver's property.

House Approves Medicare Reform

Clinton Vows Veto, Saying Bill Will 'Eviscerate' Health Care

The Associated Press

WASHINGTON — Ignoring a threatened veto, the House approved a plan Thursday to overhaul Medicare by increasing premiums for the elderly and the disabled and shaving billions from hospital and doctor fees.

The vote, 231 to 201, closely followed party lines, with only six Republicans deserting the majority. It gave the House speaker, Newt Gingrich, Republican of Georgia, the victory he had forecast to revise the federal health insurance program for 37 million people who are elderly or disabled.

Representative Bill Archer, Republican of Texas, boasted that the Republican Party's "lifesaving legislative surgery" would save Medicare for today's retirees and the next generation. Mr. Archer, the Ways and Means Committee chairman, called it "a great and historic occasion."

Representative Sam Gibbons, Democrat of Florida, called it "another day of infamy" that will result in America's elderly being "herded into managed care."

Before the votes were cast, President Bill Clinton warned that the Republican plan to save \$270 billion from Medicare over seven years "will eviscerate the health care system for our older Americans."

"I will not let you destroy Medicare, and I will veto this bill," the president said.

A key Republican, Representative Thomas J. Bliley Jr. of Virginia, suggested a compromise might be possible before

the final bill was sent to the White House. "I'd be willing to consider any reasonable proposal," said Mr. Bliley, who is chairman of the House Commerce Committee.

Republican leaders made last-minute changes, including concessions to rural hospitals and took steps to make health care fraud a criminal offense. Those moves were made to minimize defections from their Medicare Preservation Act, the central plank of their plan to balance the federal budget by 2002.

The Republicans said their belt-tightening measures would buy eight years of life for the Medicare hospital fund, now in danger of drying up by 2002. They acknowledged that more will need to be done to keep Medicare going beyond 2011, when the first of the baby boomers retire.

On a day when the Senate Finance Committee approved the \$245 billion Republican tax cut, Democrats charged that the move by cutting Medicare three times deeper than necessary.

The House minority leader, Richard A. Gephardt, Democrat of Missouri, said the Republicans would "live to regret this vote at the ballot box in November of next year."

Mr. Gingrich said on an ABC news program that the Republican Party was taking a "big step in a new direction" by giving senior citizens a new array of options, including managed care and medical savings accounts.



NONALIGNED LEADERS MEET — President Ernesto Samper of Colombia, left, greeting Prime Minister Benazir Bhutto of Pakistan and President Fidel Castro of Cuba at the Nonaligned Summit Conference in Colombia.

Senate Drops Strong New Steps on Cuba

By Helen Dewar
Washington Post Service

WASHINGTON — Senate Republican leaders have dropped the toughest and most contentious provision of a bill to tighten U.S. sanctions on Cuba, blaming what the majority leader, Bob Dole, called a "blitz" of opposition from the White House.

Only a shell of its former self, the "Libertad" bill was put on track for Senate approval.

The retreat amounted to a victory for President Bill Clinton in his test of wills over foreign policy with Mr. Dole, front-running candidate for the Republican presidential nomination and co-sponsor of the sanctions bill.

But the fight is far from over. Mr. Dole and others said they would try to restore some or all of the contested provision in conference with the House, which included the language last month in its substantially tougher version of the bill.

The provision, which Mr. Dole described as the heart of the legislation,

would have allowed U.S. citizens whose Cuban property has been confiscated — even if they were not American citizens at the time — to sue foreign companies that buy, lease or use these properties.

Proponents said the provision would help loosen Fidel Castro's hold on Cuba by drying up foreign investment. Foes said it would violate legal precedents, flood U.S. courts with costly litigation, invite retaliation against U.S. companies and discriminate against naturalized Americans who lost property in fleeing other countries.

Panel Urges a Shift: Oral Polio Vaccine to Injections

By David Brown
Washington Post Service

WASHINGTON — A panel of experts has recommended that the United States begin a slow transition away from oral polio vaccine to the less risky, but less effective, injected polio vaccine.

This new strategy would eliminate about half of the 6 to 10 cases of polio caused by the oral vaccine each year in the United States. It might, however, make parts of the population slightly more vulnerable to polio, should the infection ever reappear in America.

The last case of "wild" polio in the

Western Hemisphere occurred in Peru in August 1991. A small outbreak occurred two years later among members of an unvaccinated religious sect in Alberta, Canada, but that virus was imported from the Netherlands by other members of the sect and did not spread to the general population.

The Pan American Health Organization last year declared the disease eradicated in the Americas.

Polio virus usually causes mild or symptom-free infection. In some cases, however, it destroys nerve cells in the spinal cord, causing permanent weakness or paralysis.

Oral polio vaccine uses live but

weakened virus — given in a few drops of sugar water — to stimulate immunity against the disease. In roughly one of every 2.4 million doses administered, the weakened virus undergoes mutation and reverts to its dangerous form, causing polio. Of the few cases of polio recorded each year in the United States, all are caused by the vaccine.

The older form of polio vaccine employs killed virus and must be injected, not drunk. Some experts believe it is slightly less effective than the oral form.

The debate over which vaccine to use now that there is little risk of polio epidemics in the United States has

aroused pediatricians and public health physicians.

Proponents of keeping the oral vaccine say that polio — still found in parts of Asia — is "only an airplane flight away" from the American population. They argue that the most effective vaccine should be used until the disease is eradicated worldwide, a goal that may be achieved by 2000.

Further, they say, the addition of two to three more shots in childhood will inevitably result in fewer children being immunized.

Proponents of the injected vaccine say they believe that it provides sufficient immunity and that preventing even a few cases of vaccine-induced

paralysis each year is worth the risk and effort.

The advisory committee on immunization practices of the Centers for Disease Control and Prevention took a compromise position Wednesday. It recommended a transitional phase in which children would get two doses of injected vaccine, followed by two doses of oral vaccine. Giving the immunizations in that order would reduce the number of vaccine-induced polio cases by 50 to 75 percent.

Eventually, the country should move to the injected vaccine only, the committee said. A proposed timetable for changing the immunization system has not yet been drawn up.

Clinton, Treading Lightly, Steps Forward on the Race Issue

By Jack Nelson
and Paul Richter
Los Angeles Times Service

WASHINGTON — President Bill Clinton, seeking ways to capitalize on momentum from the "Million Man March," is considering holding a White House conference on race relations and appointing a blue-ribbon commission to study the problem, according to presidential aides.

Black leaders have appealed to Mr. Clinton to appoint such a commission to address the march's unmistakable message — a moving appeal for new approaches to dealing with the desperate plight of black males. The idea quickly drew support from Republicans as well as Democrats.

But the impulse to build on the positive feelings engendered across the nation by the spectacle of 400,000 black men assem-

bled on the Washington Mall in the name of atonement and personal responsibility was also tinged with caution.

At the White House and elsewhere in Washington, political strategists are aware that, while the challenges of crime, poverty, drugs and family disintegration among blacks are deadly serious, they are also politically explosive — especially for Democrats, whose long identification with blacks and other minorities has alienated some white voters.

As a result, the White House chose its words carefully in discussing a high-profile conference.

"A lot of different ideas have been put forward and a White House conference is one of the possibilities, but the president is reserving judgment for now on exactly what to do," said Michael McCurry, the White House spokesman. "He wants

to build on the momentum of the positive aspects of the march."

Some Democrats suggested that their party should not risk alienating middle class white

voters by moving too forcefully on the issue. "Anything that divides us from our task of recon-

necting with the broad middle class is a big mistake," said one Democratic strategist.

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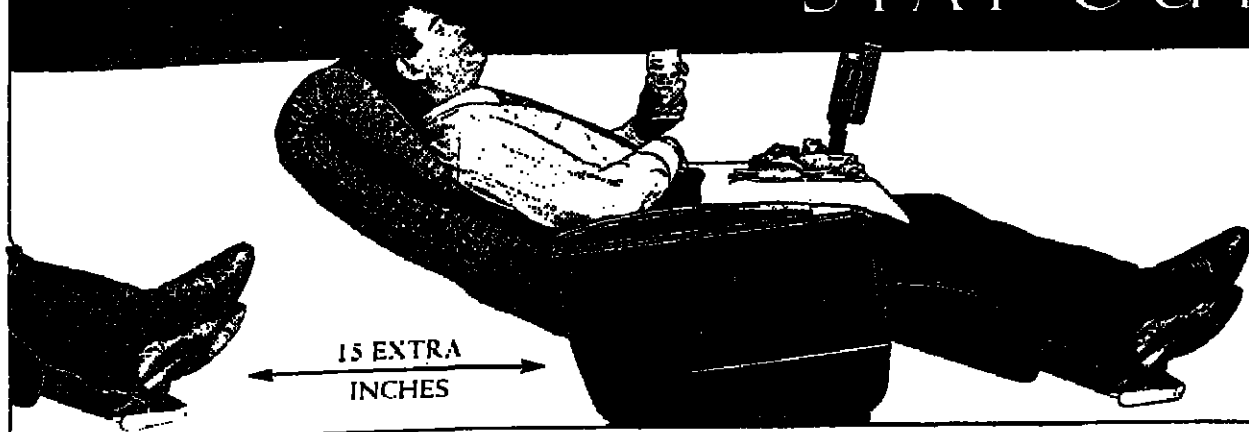
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China Confirms Its Hong Kong Plan

Compiled by Our Staff From Dispatches
BEIJING - China on Thursday confirmed its intention to review Hong Kong's Bill of Rights and any laws "modified unilaterally" by the British administration to bring them in line with the colony's constitution after 1997, when Hong Kong reverts to Chinese rule.

The Chinese Foreign Ministry spokesman, Chen Jian, said the British authorities believed the Bill of Rights "can take primacy over other laws in Hong Kong" and had therefore "unilaterally made some major changes and modifications of a lot of existing laws in Hong Kong."

"This, we think, seriously violated the Chinese-British Joint Declaration and the Basic Law," he said, referring to the mini-constitution for the colony.

"China does not recognize the laws modified unilaterally by the British Hong Kong side," Mr. Chen continued, "and the Chinese side reserves

the right to review the laws and the Bill of Rights," in accordance with the relevant regulations of the Basic Law after 1997," he said.

Chris Patten, the British governor of Hong Kong, warned Thursday that any move to tamper with the Bill of Rights would do "immeasurable damage" to Hong Kong. He called for Hong Kong residents to speak up for it.

"I just hope that everybody who believes in that fundamental importance of the rule of law will stand up for it," he said.

"There's plenty that people can do about it," Mr. Patten said. "People can make their views on the subject clear."

The Preliminary Working Committee — a panel appointed by the Chinese government to prepare for the colony's handover — has recommended amending the Bill of Rights significantly after 1997.

The changes would repeal a provision that requires Hong Kong laws to conform with the

bill and eliminate its connection to the International Covenant on Civil and Political Rights.

The proposals drew instant condemnation from human-rights groups and politicians in Hong Kong, who expressed new concern that China might renege on its promise to grant a high degree of autonomy to the territory.

Mr. Patten's administration contends that the laws dovetail perfectly.

Speaking before he left on a 10-day trip to Britain, Mr. Patten said the proposals announced Tuesday would undermine the rule of law in post-1997 Hong Kong.

"Once you embark on a very slippery slope like this one, you find up in a situation in which you don't have the rule of law protecting individuals and businesses, and that would be a desperately bad thing for Hong Kong," he said. "We are very worried, and I very much hope that wiser counsels will prevail."

The proposals by the Preliminary Working Committee's legal sub-group are subject to approval by the full committee, whose chairman is Foreign Minister Qian Qichen of China.

Mr. Qian visited London earlier this month for talks with his British counterpart, Malcolm Rifkind, that resulted in a breakthrough agreement on consultations before 1997.

Mr. Patten told business leaders in a speech that the proposals could only upset confidence in Hong Kong.

"Don't underestimate the damage done here and abroad every time, for example, that those who advise China give the impression that come 1997, the protection of Hong Kong's freedom and way of life is going to be dismantled," he asserted.

Mr. Patten said he intended to discuss the issue with Prime Minister John Major and Mr. Rifkind on his third trip to London this year. (AFP, Reuters)

Rao's Party Rising From the Ashes?

By John F. Burns
New York Times Service

NEW DELHI — Six months before India holds a general election, upheavals among the main opposition parties have given an unexpected lift to the flagging morale of the governing Congress Party and raised the possibility that Prime Minister P. V. Narasimha Rao could yet defy widespread predictions of a Congress Party debacle in the voting.

Opposition parties that had been making inroads into Congress Party bastions, eroding voter support for its economic program by calling it "anti-poor" and assailing the Rao government as corrupt, have run into choppy waters themselves.

"It's beginning to look as though things are turning Rao's way," an appointed governor until a new state election, probably at the same time as the national vote expected in April.

The move was a humiliation for the Bharatiya Janata Party, which normally appeals to nationalist sentiments among upper-caste Hindus but made an improbable alliance in Uttar Pradesh with a local party, the Bahujan Samaj, that draws its support from the 30 million people in the state who are considered dalits, or untouchables.

The alliance had placed at the head of the Uttar Pradesh government a 39-year-old dalit woman, Mayawati, one of only a handful of lower-caste politicians to be a chief minister.

a Hindu nationalist party that has been hoping to vault to power in next year's elections with breakthroughs in a tier of northern states, including Uttar Pradesh.

On Wednesday, the central government imposed "president's rule," meaning that the state government will be controlled by

'It's beginning to look as though things are turning Rao's way.'

an appointed governor until a new state election, probably at the same time as the national vote expected in April.

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But Ms. Mayawati angered Bharatiya

Janata leaders by transferring and dismissing upper-caste civil servants, and she offended many Hindus by criticizing Mohandas K. Gandhi, the independence leader, and Ram, the Hindu god, as enemies of untouchables.

Party leaders had hoped that by propping up the Mayawati government until the general election, they could draw support from India's 230 million untouchables, thus helping the party to broaden its base.

On Wednesday, after the Bharatiya Janata leaders withdrew from the alliance, untouchable leaders were hailing the party's withdrawal as "good riddance" and promising to make the party a scapegoat for toppling the untouchables' champion.

Earlier this month, the party scrambled to hold together a government in Gujarat, a western state they won this spring.

This summer, the party's leaders urged another state government, in Maharashtra, where the party governs in a coalition with an extremist Hindu group, Shiv Sena, to scrap a \$2.9 billion power plant project by Enron Corp. of Houston after it spent \$300 million on construction south of Bombay.

After anti-American sentiments whipped up by the party began to subside, with polls showing wide support for the power plant, the party switched signals and told its state leadership to reopen talks with Enron.

Kabul Forces Retreat In Clash With Taleban

KABUL — The Afghan government acknowledged Thursday that a counter-offensive against the Taleban militia south of Kabul had failed.

A government spokesman said that forces loyal to President Burhanuddin Rabbani had fallen back to earlier positions.

Independent witnesses said the Khairabad hills, which overlook southern Kabul, were still in the hands of the Taleban, whose fighters have vowed to capture the Afghan capital. (AFP)

Ex-Japan Leader Plays Down Spying

TOKYO — Former Prime Minister Morihiro Hosokawa shrugged off claims that the CIA had eavesdropped on his trade envoy during his tenure, according to a report in a Japanese daily on Thursday.

"This is not welcome, but many countries are using all means available to protect their national interest, and you just have to be careful," the daily Asahi Shimbun quoted him as saying Thursday.

Mr. Hosokawa said he did not think the spying had affected Japan's 1994 negotiations with the United States on access to Japan's markets for U.S. automobiles and parts. (Reuters)

Activists Urge Jiang To Release Dissidents

BEIJING — Twelve Chinese activists have appealed to President Jiang Zemin, on the eve of his trip to the United States, to release all political prisoners.

Mr. Jiang was to leave for New York over the weekend to join in activities marking the 50th anniversary of the United Nations. He is to address the international body and meet with President Bill Clinton.

The letter, sent Wednesday to Mr. Jiang and Qiao Shi, chairman of the legislature, noted that this year is also the 47th anniversary of the International Declaration of Human Rights. It said the continued imprisonment of dissidents in China is a violation of that document, which China has signed. (AP)

Murayama Weighs New Laws on Cults

TOKYO — Prime Minister Tomiichi Murayama said Thursday that he may call for specific laws against cult-related



Zhihong Wang, wife of the jailed Chinese dissident Chen Zeming, in Beijing after asking world leaders Thursday to intervene in his behalf. The dissident is on a hunger strike. (Reuters)

crimes, following the March gas attack on the Tokyo subway allegedly carried out by the Aum Shinrikyo sect.

"We will further look into the current activities of religious cults," Mr. Murayama was quoted by government officials as saying. "If necessary, we may have to think of new legislation" against crimes by cults, he said. Mr. Murayama made the remarks after meeting lawmakers from both ruling and opposition parties, who called on the government to increase step up efforts to crack down on the cult.

Aum Shinrikyo members have been charged with murder in connection with the nerve gas attack in the Tokyo subway on March 20 that killed 11 people and injured 5,500. Japan has become a haven for sects, which get tax breaks and are heavily protected by a law governing religions.

Bangladesh Violence Leaves 45 Injured

DHAKA, Bangladesh — Bombs ex-

ploded across Dhaka and at least 45 police and strikers were injured in clashes Thursday as an anti-government general strike in Bangladesh entered a tense finale. The fighting erupted as Prime Minister Khalida Zia again rejected opposition demands that she resign so new elections could be held.

Homemade bombs went off in several parts of the capital. Four policemen were wounded when picketers hurled bombs at them in the Magbazar district in clashes that also left 16 strikers hurt.

Another 25 people were injured in the southeastern port of Chittagong when opposition Awami League supporters clashed with those of the governing Bangladesh Nationalist Party. Witnesses said the Nationalist Party's student supporters attacked a rally of their rivals in support of the strike. About 500 supporters from both sides hurled bombs during the clashes before the police intervened. (AFP)

Hanoi May Try Leader Of Outlawed Church

HANOI — Vietnam has not ruled out putting the leader of an outlawed Buddhist Church on trial and is still investigating his anti-government activities, the Foreign Ministry announced Thursday.

The authorities detained Thich Huyen Quang, patriarch of the banned Unified Buddhist Church of Vietnam, last December after breaking up a church-sponsored flood relief mission in Ho Chi Minh City.

Mr. Quang, 77, is the last senior leader of the outlawed church who has not been tried and jailed. (AP)

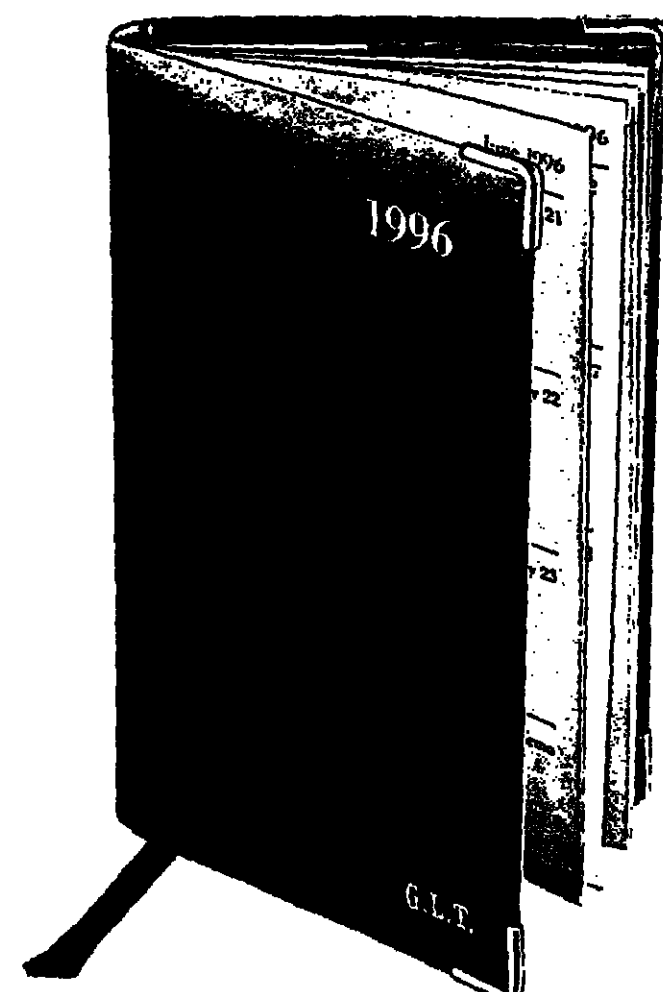
VOICES From Asia

Noboru Hoshuyama, head of Japan's Defense Facilities Administration Agency, about the central government's dispute with Okinawa over U.S. bases there: "This issue has been caused because the prime minister is stupid." (Reuters)

Colonel Andreas Sugianto, the police chief in Dili, East Timor, denying reports of the police carrying out house-to-house searches: "That's a big lie. The situation in Dili is fully under control by the authorities, so why should we continue with such an operation?" (AP)

Kil Jeong Woo, columnist for the Joong Ang Daily News: "Most people in South Korea are beginning to feel more prestigious and self-confident. These kinds of things should be respected by our American friends, not ignored." (WP)

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EUROPE

Italian Parliamentary Warfare

Minister Spurns Vote of No-Confidence

By Daniel Williams
Washington Post Service

ROME — Smoldering partisan clashes over Italy's long-running graft investigations burst into parliamentary warfare Thursday when leftist parties and a few centrist allies voted to dismiss the justice minister over his efforts to rein in the "Clean Hands" team of corruption prosecutors.

Conservative politicians walked out of the Senate for the vote, and the rump body voted no-confidence in Justice Minister Filippo Mancuso, 173 to 3, with 8 abstentions.

[Former Prime Minister Silvio Berlusconi said Thursday that he would try to topple the government over the issue, Reuters reported from Rome.]

The media magnate, a staunch supporter of Mr. Mancuso's, said he would immediately present Parliament with a motion of no-confidence in Prime Minister Lamberto Dini and his government of technocrats.

The conservative, who was indicted by a Milan judge last week on corruption charges, stands a fair chance of ousting Mr. Dini if he presents his motion in the Chamber of Deputies, or lower house. Passage could precipitate an early general election.

The battle centered on how far the anti-corruption campaign should go and whether tactics used by prosecutors are legal.

Clean Hands prosecutions began in early 1992, with indictments of hundreds of politicians and business people over rake-offs, influence peddling and bribery. The scandals brought down the Christian Democratic Party, which had dominated Italian politics for more than 40 years, along with the Socialist Party, its sometime-partner in power.

Prosecutors based in Milan continue to probe offenses of the past, and their work has complicated Italy's political present.

As he watched from the public galleries Thursday, Mr. Berlusconi seemed very much at the center of the debate. His supporters in the Senate charged that Mr. Mancuso's firing was "Stalinist" and walked out. Opponents suggested that Mr. Mancuso was a closet defender of Mr. Berlusconi.

Mr. Mancuso became a target of criticism last summer when he opened an inquiry into Milan prosecutors' 1993 prosecution of Gabriele Cagliari, the former head of the state-run oil company. Mr. Cagliari killed himself in jail, where he was held four months without

trial. Prosecutors have used detention without trial to get confessions.

Leftist politicians accused Mr. Mancuso of using the inquiry to undermine the anti-corruption campaign before it had thoroughly run its course.

The Senate vote throws into question the future of Mr. Dini's government. The prime minister took power after Mr. Berlusconi's fall last December and is supported by an uneasy alliance led by the former Communists, the Democratic Party of the Left.

Mr. Mancuso has asked the Constitutional Court to block the Senate action on the grounds that a vote of no-confidence can only be called against an entire cabinet, not a single individual.

The high court will decide next week.

During a fiery self-defense, the justice minister charged that the country's ceremonial head of state, President Oscar Luigi Scalfaro, conspired with leftist parties to bring him down and pressured Mr. Dini into cooperating in his ouster.

"That is the great state and moral message that still leaves me asking why the honorable Scalfaro took this attitude, an attitude that is anything but discreet?" he told the Senate in a 40-minute address.



Justice Minister Mancuso pausing during his 40-minute address to lawmakers Thursday.

BRIEFLY EUROPE

Vandals Smash Memorial to Jews

BERLIN — A Berlin memorial to Jews deported to Nazi concentration camps has been badly damaged, and its British sculptor said Thursday that he believed rightist extremists could be responsible for the vandalism.

The sculptor, Stuart Wolfe, said the fourth attack on his ghost-like sculptures in three weeks may have been carried out by neo-Nazis. The police said they did not know who was to blame. (Reuters)

Turkish Chief Will Attend UN Fete

ANKARA — President Suleyman Demirel will attend the celebrations to mark the 50th anniversary of the United Nations in New York on Oct. 22, taking part of a U.S. trip he had postponed due to political instability at home.

Mr. Demirel had called off a trip to Washington, from Oct. 18 to 25, to help form a new government after Prime Minister Tansu Ciller lost a vote of confidence Sunday. The president reappointed Mrs. Ciller as the caretaker prime minister Tuesday. (Reuters)

EU Likes What It Sees in Finland

BRUSSELS — Finland's bid to join a single European currency is expected to receive broad support when European Union finance ministers gather in Luxembourg on Monday.

The EU's monetary committee, a discreet group of finance officials and central bankers, gave Finland its stamp of approval earlier this week in Brussels, and diplomats say the country's budget-slashing efforts should be easily reaffirmed next week.

Analysts have given Finland high marks for its efforts at reducing public spending, and many expect the nation to easily qualify for monetary union by 1999. (Reuters)

Britain Dumped Nuclear Waste

LONDON — Britain dumped about 16,000 tons of low-level nuclear waste into the sea off the Channel Islands from 1950 to 1963, the Atomic Energy Commission said Thursday.

A commission spokesman, reacting to French press reports, confirmed that 15,700 tons of radioactive waste were dumped about 32 kilometers (20 miles) north of the Channel Islands. "It was low-level sludge," the spokesman said. "It is not there any more." He said that the sea off the islands was regularly checked and that no extra radiation was detected. (Reuters)

Calendar

European Union events schedule for Friday:

YORKSHIRE, England: Representatives from the European Union, United States, Canada and Japan meet with the commissioner for external trade, Sir Leon Brittan.

BRUSSELS: The commissioner for relations with Eastern Europe, Hans Van den Broek, meets with Wolfgang Roth, vice chairman of the European Investment Bank.

FLORENCE: The president of the European Commission, Jacques Santer, and his social affairs commissioner, Pádraig Flynn, address the opening of the European Center for Industrial Relations. Sources: AFP, Agence Europe

Court's Rx for Britain: Treat the Sexes Equally

Reuters

LUXEMBOURG — The European Court of Justice ruled Thursday that a British practice allowing women to get free prescriptions for medicines when they turned 60, while forcing men to wait until they were 65, was illegal.

In a decision that could cost the government millions, the court said the practice violated a 1979 European Union law requiring governments to provide equal treatment for men and women under social security systems.

The case involves a complaint brought by Cyril Richardson, a retired lecturer, against a National Health Service regulation. The decision could open the way for damage claims by other British men.

The court said its judgment was not limited in time, meaning claims can be filed for retroactive damages. The result could be even more costly if Britain responds by equalizing the age for free prescriptions at the age of 60.

EU officials said they were looking into whether other countries in the 15-nation group would be affected.

Spain's Socialists Condemn New Inquiry

Reuters

MADRID — The Socialist government, under increasing pressure over accusations that it waged a "dirty war" against Basque separatists in the 1980s, said Thursday it feared that the Senate's decision to begin its own investigation into the charges could clash with court efforts.

"We think it can involve a risk of interfering with the administration of justice that is already in place," Defense Minister Gustavo Suárez Pertierra said.

The Senate agreed by a vote of 128 to 127 late Wednesday to open an inquiry into the affair. It will join several judicial investigations already in progress — including one by the Supreme Court — into charges that the government authorized an illegal war on Basque separatists that claimed 27 lives from 1983 to 1987.

The vote cleared the way for the Senate

to appoint a 32-member committee within two weeks.

The prime minister, Felipe González, and other top Socialists will then be called in to testify.

In a statement issued in Brazil, where he was on a state visit, Mr. González called the Senate investigation a mistake that would undermine public faith in the judiciary and create confusion.

His Socialists are widely expected to return the fire by demanding testimony from their foes in the center-right Popular Party, which is favored to win early elections promised by Mr. González for March.

The spokesman for Socialist lawmakers in the Senate, Ricardo Bayona, said: "We will not accept to see this turned into an element of political propaganda for electoral use."

Mr. González has denied accusations that he approved a campaign of assassinations and kidnappings by the Anti-Terrorist Liberation Groups against separatist guerrillas of the ETA, or Basque Homeland and Freedom, movement.

A former deputy head of security, a former chief of military intelligence operations and a disgruntled Socialist leader in the Basque country are among the witnesses who have testified that the government was aware of the anti-terrorist groups' campaign.

They have produced copies of secret intelligence papers that they say prove their accusations.

The government is now locked in a tug-of-war with Spain's best-known judge, Baltasar Garçon, after refusing his demand that the Defense Ministry produce the originals of those documents.



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INTERNATIONAL

Paris Scoffs At Serb's Statement On Pilots

PARIS — The French foreign minister, Hervé de Charette, does not believe what he called a "grotesque" statement by the Bosnian Serb leader, Radovan Karadzic, that two French airmen shot down over Bosnia had been kidnapped from a hospital, French officials said Thursday.

The pilots, captured when their Mirage-2000 was shot down near the Bosnian Serb stronghold of Pale on August 29, appear to have become pawns in a power struggle between the Bosnian Serbs and President Slobodan Milosevic of Serbia, the officials said.

"The longer time goes by, the more worrying this affair becomes," a senior French official said. "They could be dead, and Karadzic could be belatedly trying to cover it up."

Mr. de Charette was unable to obtain any news of the airmen's fate when he met Mr. Milosevic in Belgrade on Wednesday.

Mr. Karadzic chose the same day to announce that the airmen, Captain Frederic Chiffoleau and Lieutenant Jérome Souvignat, had been abducted by unidentified kidnappers. He said the kidnappers were either Bosnian Muslims or ransom-seekers. But France has received no ransom demand and does not believe they were captured by the Muslims, who would have returned them to Paris, officials said.

South Africans Seize Suspect In Serial Killings

PRETORIA — The South African police said Thursday that they had arrested a 31-year-old man who they believe is the serial killer who has murdered at least 40 women in central Gauteng province during the last 18 months.

The suspect, Moses Sithole, was shot and wounded late Wednesday as the police moved in to arrest him in Benoni, east of Johannesburg, the National Police commissioner, George Fivaz, said.

Mr. Sithole, a former convict who has been on the run since last week when he was named as South Africa's most wanted man, was in satisfactory condition in a hospital under guard, Mr. Fivaz said.

He has expressed fears that any suspect's life is in danger from angry members of the communities where he has killed, as has been the case in previous serial killing cases.

The investigation culminated in Mr. Sithole's capture began with the discovery of the bodies of 15 women in June 1994 buried on a hillside in Cleveland, east of Johannesburg.

Almost all of the victims were women who had been strangled or shot to death. Some were sexually assaulted.

Mr. Sithole will be charged with murder, Mr. Fivaz said, refusing to specify the number of counts. (APR, AP)



A French soldier in the UN reaction force enjoying the calm Thursday in Sarajevo.

A Strange Detention In Sarajevo

By Roger Cohen
New York Times Service

SARAJEVO, Bosnia-Herzegovina — A scene remarkable even by Bosnian standards greeted the American envoy Richard C. Holbrooke at the sandbagged gate to Sarajevo airport: the detention of the European Union's top peace negotiator by French UN soldiers.

"Hey, Carl, have they detained you?" Mr. Holbrooke yelled to a fuming Carl Bildt, the former Swedish prime minister who was appointed this year to head Europe's efforts to end the 42-month-old Bosnian war.

"This is absolutely intolerable!" Mr. Bildt screamed back as he stormed out of a dugout where French soldiers had been questioning him for the previous half-hour, refusing to allow the Swedish politician out to the runway where his personal plane awaited him.

Mr. Holbrooke leaped from his car and embarked on a brief rescue mission for Mr. Bildt, who was finally allowed to follow Mr. Holbrooke into the airport. Having been in effect liberated by the Americans, the Swedish politician announced, only half-jokingly, that he had "severed all diplomatic relations with France."

The scene Wednesday appeared to capture a fractious quality of Europe that frustrated its peace efforts in the former Yugoslavia and the peripheral role the Europeans play in a process now dominated by the Americans.

Mr. Bildt had accompanied Mr. Holbrooke during talks in Sarajevo partly because concern is growing in Paris and other European capitals that the United States has upstaged European diplomacy over the last two months. A cease-fire has largely been taken hold, and for the first time the outlines of a possible peace have emerged.

Fear of New Serb Massacre in Bosnia

By John Pomfret
Washington Post Service

ZAGREB, Croatia — Up to 2,000 Muslim men remain missing in northern Bosnia from recent "ethnic cleansing," and a senior Western diplomat said Thursday that his government feared the Bosnian Serbs have either executed the men or planned to kill them soon.

The diplomat spoke on the same day that John H. Shattuck, U.S. assistant secretary of state for human rights, said he had gathered evidence of widespread killings of Muslim civilians by Serbian paramilitary forces in northern Bosnia over the last month.

Mr. Shattuck said the allegations, from interviews with 25 people expelled recently from their homes by the Bosnian Serbs, "clearly amounts to substantial prima facie evidence of war crimes which, if confirmed, could very well lead to further indictments by the war crimes tribunal."

The allegations from the diplomats bolster charges by Western aid agencies that the Bosnian Serbs, backed by a Yu-

goslav paramilitary unit with close ties to President Slobodan Milosevic of Serbia, have killed scores, if not hundreds, of Muslim men in northern Bosnia during the past month.

The accusations are surfacing as the West prepares for another round of peace talks focusing on ending the war in Bosnia and resolving a tense military standoff in Croatia. To that end Thursday, the U.S. envoy Richard C. Holbrooke announced in Zagreb that President Franjo Tudjman of Croatia had promised he would not launch an offensive to retake the last sliver of Serb-held land in Croatia.

Western officials in Croatia had expressed alarm at a recent Croatian military buildup on its border with the Serb-controlled Eastern Slavonia section. A Croatian attack there could draw the rump Yugoslavia into a wider war on the side of the Croatian Serbs and scuttle peace talks scheduled to begin Oct. 31 in the United States.

The Western diplomat said his government was afraid that northern Bosnia had been turned into a "second Srebrenica."

Srebrenica was a UN-protected "safe area" that fell to an onslaught by Bosnian Serbs in July. In August the United States government released satellite photographs said to show mass grave sites near Srebrenica and along Bosnia's border with Yugoslavia. The U.S. government alleged that the Serbs had rounded up Muslim men and slaughtered them. About 4,000 Muslim military age men are still missing from the Serb assault.

"Privately our real fear is the fear that Milosevic and Karadzic have gone ahead and done another Srebrenica," the diplomat said, referring to the Serbian military leader, Ratko Mladic and the Serbian political leader, Radovan Karadzic. "Given the totality of the evidence and the circumstances we are very concerned that Srebrenica-style, systematic killing of military age men has been or is going on."

This latest and by all accounts brutal round of "ethnic cleansing" began in September, soon after Muslim and Croatian forces launched an offensive against Serb positions in north-

ern Bosnia. Within days the offensive had grabbed more than 3,800 square kilometers (1,500 square miles) of territory.

But as always in Bosnia, as soon as the Muslim and Croatian forces began to make gains, Muslims and Croats living on the Serbian side began to suffer. By the end of last week, almost 7,000 women, children and elderly had been expelled from northern Bosnia, including the towns of Sanski Most, Bosanski Novi, Prijedor and Bosanska Dubica, near where the Muslim-Croatian combined offensive took place.

But military-age men were not allowed to leave. The Western diplomat said that they had been put in camps and factories in the area and that his government believed that many of them have been executed.

French General to Retire

PARIS — General Philippe Morillon of the French general staff, who was a United Nations commander in Bosnia in 1993, will take early retirement on Jan. 1, the army said Thursday.

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INTERNATIONAL

Mexican Police Try to Clean Own House

By Sam Dillon
New York Times Service

MEXICO CITY — For years, Silvia Ordaz, a Mexico City police officer, worked the streets like most of her comrades, extorting bribes from motorists, pocketing the small change to augment her monthly salary of \$260 and passing along a \$100 weekly "quota" to her precinct commander.

But as Mexico's economy nosedived this year, Officer Ordaz said, drivers protested her attempts to shake them down with increasing vehemence, causing her to rethink her entire modus operandi.

And one day she decided to swear off extortion altogether — and quit paying the quotas to her commander.

"People don't have money now, and I don't enjoy stealing from my fellow citizens," Officer Ordaz said. "From now on I'm not paying you one red cent."

Officer Ordaz's decision infuriated her commander, who busted her from patrol officer to station-house cleaning woman. She responded by joining a group of dissident officers, some on active duty and some recently dismissed, who have carried out hunger strikes and other protests to publicize police corruption.

In Mexico City, extortion is so fundamental to the work of the city's 70,000 police officers that cop-demands-bribe is like dog-bites-man.

But protests by police officers who refuse to demand bribes have attracted considerable attention, even if only 12 active or former officers have gone public so far.

Downtown traffic came to a virtual standstill this month

when one protesting officer, Ricardo Chaires, allowed his comrades to tie him by his arms for six hours from a wooden cross overlooking Mexico City's main thoroughfare.

A sign at the foot of the cross read: "End the Impunity, Injustice and Public Insecurity! Say No to Police Corruption!"

Three successive Mexican presidents have pledged to clean up the police, and in the last decade two Mexico City police chiefs have been imprisoned for bribe-taking and other crimes.

Yet President Ernesto Zedillo acknowledged recently that many of Mexico's 2,000 federal, state and local police forces were as corrupt as ever, especially since a percentage of the billions of dollars of drug profits pouring into Mexico are paid to cooperative police officials.

"The very people who are entrusted with safeguarding or-

der and imparting justice are in many cases those who disregard it," Mr. Zedillo said in his state of the union speech last month.

Mexico City's current police chief, David Garay, hardly fits

Corruption news in Mexico is like dog bites man.

the image of a corrupt lout. He is a Harvard-educated lawyer.

Vowing that the police department is "completely reformable," Mr. Garay has ousted some subordinates suspected of wrongdoing, encouraged citizens to press charges against officers who solicit bribes and made it his style to surprise his commanders with unannounced visits to station houses.

"He's a man of law, and he's

bringing change," said Alma Londeros de la Fuente, a police spokeswoman.

But Paul Chevigny, a New York University professor who has studied the Mexico City police, questioned whether the authorities had the determination to force reforms.

"The system is extremely entrenched, and I don't think they're trying very hard to change it," he said.

The dissident officers are feeding a popular clamor for reform.

They have set up a makeshift base for their protests outside the American Embassy on Avenida Reforma, hoping the authorities will not rout them from so public a site.

In interviews, they have sketched a police department in which commanders rule the city's 52 precincts like medieval fiefs, selling everything from security services (to merchants and bankers, prostitutes

and drug dealers) to freedom (to arrested criminals) to promotions, uniforms, service revolvers and even sick leaves (to their own officers).

"It's an empire of corruption," said Jorge Flores González, a veteran patrol car driver who has taken part in the protest.

One of the most lucrative rackets, Mr. Flores said, is the use of the city's nearly 200 police tow trucks.

Officers frequently pay the equivalent of \$100 or more per shift to be assigned to drive a tow truck, knowing that officers at the impoundment lots will pay at least \$30 for every auto delivered — and in turn charge owners \$85 to \$100, off the books, to retrieve their cars.

Mr. Flores calculated that some precinct commanders earn the equivalent of \$30,000 a month just from their fleet of tow trucks.



ZAPATISTAS IN PEACE TALKS — Members of Mexico's rebel Zapatistas arriving in San Cristóbal de las Casas to resume peace talks with the Mexican government.

UN Food Official Urges Easing of Iraq Sanctions

Agence France-Presse

BAGHDAD — A United Nations official on Thursday called on Iraq and the United Nations to reach an agreement that would allow Baghdad to sell some of its oil to pay for \$2.7 billion in food imports over the next year.

"The government of Iraq and the Security Council are

urged to make an arrangement on the sales of oil so that these needs could be met," said the official, Amer Khalil, head of mission in Baghdad for the UN Food and Agriculture Organization.

"The only viable long-term solution for Iraq is to use its own resources for earning foreign exchange," he said.

Iraq turned down United Nations Resolution 986, which was adopted in April to allow Baghdad to export \$1 billion worth of oil every three months, under strict UN control, so that it can purchase food and medicine.

Baghdad said the resolution violated its sovereignty. Under UN sanctions im-

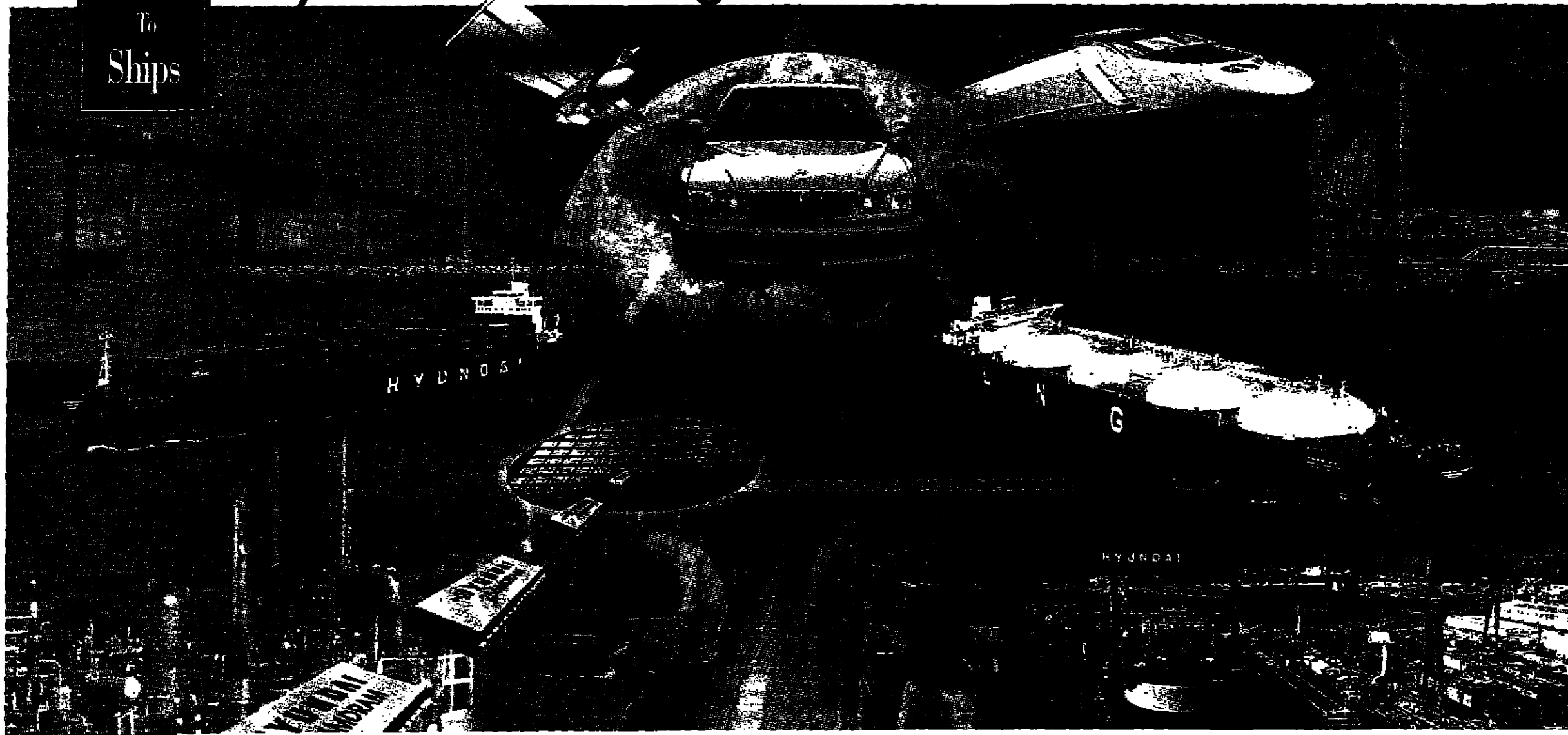
posed after Iraq invaded Kuwait in August 1990, Iraq is allowed to import food and medicine. But Baghdad says it cannot pay for the goods because its oil exports are banned and its assets frozen.

Mr. Khalil said that food production in Iraq in the 1994-1995 fiscal year dropped by 10 percent.

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Iraq Sanctions, Still

The international trade embargo on Iraq, now in its sixth year, is not easy to maintain. It has brought malnutrition and misery to the Iraqi people, while Saddam Hussein and his favored friends continue to live in royal splendor. The Iraqi leader was sworn in this week as president for seven more years after posting a 99.96 percent approval rating in a carefully controlled referendum. But despite the hardship for Iraqis, there are compelling reasons to keep the economic sanctions intact. Not the least of them is a United Nations report that Baghdad has embarked on secret new efforts to build prohibited weapons, including long-range missiles equipped with chemical and perhaps biological warheads.

Sanctions have not brought full compliance with the arms provisions of the cease-fire resolution that ended the Gulf war, including permanent elimination of nuclear, biological and chemical arms programs and a ban on missiles with a range greater than 150 kilometers. But they have given UN arms inspectors sufficient leverage to track down most of the remnants of Iraq's prewar arms programs.

The sanctions themselves have done less to punish the Iraqi people than Saddam's manipulation of the embargo. Instead of using Baghdad's financial reserves to help sustain the welfare of his countrymen, he has built new palaces for himself. To produce the maximum resentment against the sanctions, he has cynically rejected a Security Council plan to let Baghdad export billions of dollars' worth of oil to pay for medicine and other humanitarian relief for Iraqis.

Six months ago, it looked as if the United Nations might soon be able to certify sufficient progress to discuss a timetable for the lifting of sanctions. But now it is abundantly clear that there has been less Iraqi compliance and far more

deception than UN inspectors realized. The defection of Saddam's son-in-law to Jordan during the summer produced troubling disclosures about previously concealed biological weapons, loaded onto missile warheads and ready for use, that could have killed thousands of American and allied soldiers and innocent civilians.

Iraq still refuses to reveal its sources of imported chemical weapons components, making it difficult to trace the material. Baghdad concealed, until recently, its capacity to produce missiles on its own.

Most of these new discoveries came only after Iraqi officials were confronted with information from defectors or suppliers in reporting truthfully. Even now, Baghdad expects the United Nations to rely on assertions that it issued oral orders to destroy prohibited weapons. Inspectors rightly insist on seeing written orders that would enable them to look for physical evidence of weapons destruction.

Since Iraq is prohibited from possessing nuclear, biological or chemical weapons, enforcement has relied on tracking down components of these weapons, most of which were imported from abroad and were well hidden by the Iraqis. Enforcing the 150-kilometer missile limit has been even harder, because some short-range missiles can be easily converted to go longer distances. Since it now turns out that Iraq can make and modify these missiles, the Security Council may have to enact new restrictions to make the limit enforceable.

Iraq's endless obstructions and deceptions have extended oil sanctions well beyond the time anticipated when they were imposed. Unless Baghdad changes its ways and honestly fulfills its arms control commitments, the embargo will not end any time soon.

—THE NEW YORK TIMES.

Will Haiti Be Ready?

According to the script, in February the United Nations mission and the last American troops will pull out of Haiti, leaving the country serene under a newly elected democratic government. The reality may differ. The United Nations certainly intends to depart, but the plans for the Haitian presidential election are up in the air. It is not only the familiar administrative confusion.

The incumbent, President Jean-Bertrand Aristide, has repeatedly told American visitors, apparently quite sincerely, that he intends to step down at the end of his term. But he has done nothing to cut off the clamor among his supporters to keep him in office. More important, he has not yet chosen his party's candidate to succeed him. The winner of the election would presumably be whoever Mr. Aristide picks, but it is less than two months until the election is supposedly to be held and he has not yet made a choice. It is beginning to look as though the elections will have to be pushed over into January. Or February?

Conditions in Haiti are clearly much, much better than before the American troops arrived a little over a year ago. There have been murders of public figures in the past year, but murder is no longer the routine and almost daily instrument of public intimidation that it was under the previous, military regime. President Aristide has disbanded the army, which had no purpose other than the repression of the civilian population. Haitians are no longer risking the sea voyage in small boats to escape to Florida.

But the abolition of the army has created a power vacuum. The preservation of law and order is now up to a new civilian police force that by February will have about 5,000 officers (in a country of nearly 7 million people). Although there has been a vigorous international effort to train those policemen, by February none of them will have had more than eight months' experience. One element in Haitian politics next year will be the struggle for the allegiance of this new force. Turmoil and uncertainty surrounding the presidency will not be helpful to maintaining democratic control of society.

A few days ago, a crowd stoned one of the vehicles in a motorcade that had taken Tipper Gore, the U.S. vice president's wife, to visit a clinic in a Port-au-Prince slum. The incident is an indicator of rising anxiety among desperate people. Haiti's needs are many. But first and most urgently, Haiti's government — with the help of the United States — has to get its presidential election back on track. Second, the United Nations ought to ask itself whether February is not a bit too soon to leave.

—THE WASHINGTON POST.

A Bad Trip for Dole

That \$1,000 that the gay Republican group gave to Senator Bob Dole's presidential campaign has to be some of the best traveled cash in politics. It has been everywhere and back again. Mr. Dole has finally, or so at least he would like to think, landed on the right side of an issue that would not have been an issue but for his own actions.

We refer to the earlier decision to return a campaign contribution to the group, the Log Cabin Republicans. A month ago Mr. Dole was saying that "what I didn't want was the perception that I was being bought into some special rights for any group, whether it is ... gays or anyone else." He also said that while he did not keep careful track of his fund-raising, "if it's somebody with a special agenda, we're not going to accept their money."

Leave aside the fact that if turning back money from groups with "special agendas" were a rule applied consistently, all campaigns would be much poorer and, conceivably, the nation would be better off. The fact is that now — or at least as of Wednesday — Mr. Dole thinks the whole Log Cabin business was a mistake. Following the worst possible form in such matters, he tried to push responsibility off on his staff. "If they'd have consulted me we wouldn't have done that, wouldn't have returned it," he told reporters on

Tuesday in response to a question. "I just didn't agree with what happened." Laying off of blame this way has never struck us as very good management, very good politics or, for that matter, very good news in a man who aspires to be president.

It would have been far better if the Senate majority leader had said he had changed his mind. His problem was never that anyone suspected him of intolerance. On the contrary, his past record of openness was precisely why the Log Cabin Republicans gave him the money in the first place. Instead he has caused himself trouble by all this twisting and turning on issues in pursuit of votes. He has thus left the impression that the one and only issue on which he has a strong and unequivocal view is that Bob Dole should be the 1996 Republican nominee.

The spokesman for the Log Cabin group, announcing that in fact the \$1,000 can now have a rest since another contribution "would be a long time coming," offered this commentary: "Bob Dole has been good on our issues, but he's trying to be on all sides of the question. You begin to see the Bill Clinton thing of being everything to everybody, so you end up being nothing to anybody." Could it have come out much worse for Mr. Dole?

—THE WASHINGTON POST.

The News About Chinese-Indian Relations Is Good

By David Shambaugh

NEW DELHI — Will Asian giants India and China be rivals or partners in the coming Pacific century? The stakes are high. While Beijing seeks to be the dominant power in East Asia, New Delhi has already achieved strategic preeminence in South Asia. The two compete for the same foreign investment, export markets and development assistance. Their military establishments target ballistic missiles and deploy troops against each other.

However, the two regional powers are quietly but gradually forging a partnership that could change the shape of Asian and international relations for the better. Despite lingering suspicions and potentially conflicting national interests, China and India are erasing the animosity of the last 30 years and laying the foundation of a cooperative relationship.

With more than a third of the world's population, continental land masses, two of the oldest civilizations, large and modernizing militaries, rapidly growing economies and export bases, the India-China relationship is of global importance.

Both countries still shoulder a burden of mass poverty that will take several generations to remove. But both have opened to foreign investment and are moving down the free market path. China is considerably ahead, but India has entered the race. In the last year, foreign investors have made a marked turn away from Chi-

na toward India and Southeast Asia. Neither country has a convertible currency, and both have to deal with large and ailing state sectors. They have far to go in opening protected domestic markets and meeting conditions for entry into the World Trade Organization. Nonetheless, the necessary restructuring has begun.

Since 1962, when they clashed in a border war over contested territory in the Himalayas, relations have been frozen in confrontation. New Delhi and Beijing continue to dispute 128,000 square kilometers, much of it occupied by Chinese forces after the 1962 war. But in recent years incremental steps have been taken to normalize relations and defuse tensions. The process began in 1988 when then Prime Minister Rajiv Gandhi paid a state visit to Beijing. That opened the way for subsequent high-level visits by both sides in the last five years.

Bilateral trade amounted to \$1 billion in 1994, treble the level in 1992. Joint venture investments, while still not large, are also rising. Cultural and scholarly exchanges are taking place, and a joint committee for cooperation in science and technology has been established.

There has been collaboration in the sensitive area of nuclear power. India

bought low-enriched uranium from China for one of its reactors after the United States and France refused the sale.

China has significantly shifted its position on the sensitive issue of Kashmir, from advocating independence to now describing the question as one to be settled between India and Pakistan under the 1974 Simla agreement. Beijing continues to disapprove of India harboring the Dalai Lama, and privately accuses New Delhi of supporting his attempts to achieve independence for Tibet, but this criticism is not as vituperative as in the past.

These incremental steps have laid the foundation for the two sides to tackle their biggest problem, border disputes. In 1993 an agreement was signed that led to the formation of joint working groups to demarcate the disputed territory. Confidence-building measures have been established and trade crossing points opened. Last month, in the ninth round of the joint work group, it was agreed that both countries would withdraw from the eyeball-to-eyeball standoff in the eastern sector.

Despite the border conflict and mutual suspicions, defense ministers and military delegations have been exchanged. Recently the two sides agreed to a bilateral security dialogue. Two Indian naval vessels paid port calls to Shanghai last month.

Each country views the other with suspicion. Defense experts in New Delhi

suggest that China is trying to encircle India through military assistance programs to Pakistan, Sri Lanka, Bangladesh and Burma. Chinese upgrading of Burma's Coco Islands and the construction of a submarine base and radar installation on Burma's Coco Islands in the Andaman Sea are viewed with particular alarm.

Analysts in New Delhi see these moves as an attempt by China to establish a long-term naval presence in the Indian Ocean. Last year, Chi Haotian, the Chinese defense minister, publicly asserted that "the Indian Ocean is not India's ocean."

The analysts also point with alarm to China's whole military modernization program. For their part, Chinese security specialists say India is seeking "regional hegemony" in South Asia.

There will doubtless be an element of strategic competition in the India-China relationship in the years to come, but the moves to normalize relations are the more notable trend at present. That is just as well, because the relationship between the two giants will assume an increasingly important place in the emerging balance of power in post-Cold War Asia.

The writer is reader in Chinese politics at the School of Oriental & African Studies, University of London, and editor of The China Quarterly. He contributed this comment to the International Herald Tribune.

Spying on Japanese Friends Isn't Necessarily a Brilliant Idea

By Gregory Clark

TOKYO — Anyone who has worked in a Western foreign ministry knows the value of intelligence material, particularly from U.S. electronic eavesdropping. But, as the fuss over revelations of CIA spying during recent U.S.-Japanese car talks shows well, for every spy plus there is often a minus. And in this case the minus clearly outweighs the pluses.

The United States may have gained some slight bargaining advantage in the car talks as a result. But its friends in Japan are badly embarrassed. And the United States has harmed its trusted elder-brother status here. U.S. freedom to make diplomatic and military demands on Japan that most

other large sovereign nations would reject is now under threat. And all these minuses are for a car agreement of dubious value in the first place.

Japan has long been a bonanza for Western intelligence agencies. Top officials will talk to anyone who cares to befriend them. Secrets are lightly guarded. Until recently anyone could walk into the Gaimusho (Foreign Ministry) building without challenge.

Japan lost the last war in part because its code-makers had a belief that foreigners could not even read Japanese, let alone code Japanese. Since the war the same casual attitude has continued.

Just 20 years ago, the Australian intelligence services tried to boost their domestic status by leaking details of how their interceptions of commercial communications from Japan were protecting the Australian interest. The CIA seems to want to play the same game, now that it has been instructed to concentrate on economic intelligence.

But the downside in all this is quite large, and not just because the long tolerant Japanese are beginning to take umbrage.

Planting covert spies in foreign countries jeopardizes the position of the many genuine academics, journalists and diplomats trying

to work in those countries. Commercial intelligence gathering can be particularly harmful since it is only of use if it is passed to those involved in commerce, which both allows the spies to play favorites in the business community and greatly increases the risk of leaks.

Most intelligence gleanings are of low grade and could be easily uncovered by trained researchers. Yet within governments greater weight is often given to spy-supplied materials than to much more reliable material from professional observers.

In 1975, Canberra managed to wreck important commercial treaty negotiations with Japan on the basis of spurious material pro-

vided by an intelligence agency seeking desperately to maintain status in a four-way intelligence exchange arrangement (America, Britain, Canada, Australia).

And what happens if Tokyo decides it should have its own powerful intelligence agency? The current leader of Japan's powerful Liberal Democratic Party and likely future prime minister, Ryutaro Hashimoto, is a well-known hawk. The West should be bending over backward to keep its spies from provoking Japan.

The writer, a former Australian diplomat now doing academic work in Japan, contributed this comment to the International Herald Tribune.

Agreement at Last on the Old Notion of Partitioning Palestine

By Gideon Rafael

This is the first of two articles.

JERUSALEM — At the recent signing in Washington of the second implementation agreement of the Oslo accord between Israel and the Palestinian Authority, Prime Minister Yitzhak Rabin declared: "We are not alone in this land. And so we are sharing this good earth today with the Palestinian people in order to choose life."

It was the first time since the end of the fighting in 1967 that a prime minister reaffirmed explicitly Israel's support for settlement by partition of the land between the two peoples inhabiting it.

The idea of meeting the conflicting claims of Jews and Arabs in Palestine by partition was first recommended by the Peel Commission, appointed by the British government in 1936. In its report, submitted in July 1937, the commission concluded:

"Partition means that the Arabs must acquiesce in the exclusion from their sovereignty of territory long occupied and ruled by them. It means that the Jews must be

content with less than the Land of Israel [that] they once ruled and have hoped to rule again."

The Zionist Congress, meeting in Zurich in 1937, accepted the partition proposal as basis for negotiations with the British mandatory government. The Arabs rejected it outright.

Ten years later, after World War II and the Holocaust, the UN General Assembly resolved on Nov. 29, 1947, to partition the country into a Jewish and an Arab state linked by economic union. Andrei Gromyko, representing the Soviet Union strongly supported the resolution, expressed the prevailing motivation for its adoption: "The Jewish people have been closely linked with Palestine for a considerable period in history. As a result of the war, the Jews as a people have suffered more than any other people. The total number of the Jew-

ish population who perished at the hands of the Nazi executioners is estimated at approximately 6 million. The Jewish people are therefore striving to create a state of their own, and it would be unjust to deny them that right."

The Jewish representatives accepted the compromise. The Arab governments and the Arab Higher Executive of Palestine rejected it.

The Arab League, defying the injunction of the partition resolution "to refrain from any action which might hamper its implementation," decided to intervene militarily against the state of Israel upon its proclamation on May 15, 1948. Encircled and invaded, Israel defended alone, with heavy losses, its physical and sovereign existence against the onslaught of six fully equipped Arab armies.

The United Nations deplored the attack but refrained from any effective measure to uphold its

own decision, let alone assist the first victim of international aggression since the founding of the world organization.

The United Nations contented itself with repeated cease-fire resolutions and the dispatch of military observers to supervise their frequently violated observance.

After the defeat of the invading forces, the Security Council successfully pressured the participants in the fighting to enter into armistice negotiations. During the first half of 1949 the UN mediator, Ralph Bunche, an American endowed with remarkable diplomatic talent and creativity, guided the warring parties toward conclusion of separate comprehensive armistice agreements with Egypt and Syria.

The agreements committed the signers to refrain permanently from all acts of hostility and to establish relations of lasting peace. Until its attainment, the armistice lines, reflecting the territorial changes resulting from Israel's successful defense and differing substantially from the original partition boundaries, formed de facto partition lines between Israel and its neighbors.

They remained in force until the Six Day War in 1967, when Egypt, Jordan and Syria, which in disregard of their obligations had maintained a state of active belligerency, had to evacuate the territories controlled by them since the conclusion of the armistice agreements. Consequently, Sinai, Gaza, the West Bank and the Golan Heights became territories occupied by Israel.

The acceptance by the UN secretary-general of Egypt's ultimatum of May 17, 1967, to withdraw the UN peacekeeping force stationed since 1957 on the Egyptian side of the border with Israel and at the strategic position of Sharm el

Sheikh dominating the entrance to the Gulf of Aqaba contributed more than anything else to the outbreak of the war in 1967.

The UN capitulation to Nasser's dictatorial deal a staggering blow to UN peacekeeping in the Middle East. It affected irredeemably the world body's relevance as an instrument of war prevention and peace promotion.

Not that the United Nations had failed to try its hand at peace-making. Even before the dust of battle had settled, it invited in April 1949 Egypt, Jordan, Syria and Lebanon to meet with Israel in a peace conference in Switzerland, to be managed by a special Conciliation Commission composed of representatives of the United States, Turkey and France.

The conference suffered from basic flaws. First, the conciliators were unable to reconcile their different viewpoints; second, they had gathered the four Arab states as one single group whose interests diverged widely; third, the only thing that united the Arab group was refusal to meet with the delegates of Israel, nor did it agree to admit Palestinian representatives.

In its predicament, the Conciliation Commission replaced the working sessions with effusive dinner parties, held, of course, separately, for the Arab and the Israeli delegates. This curious procedure of peacekeeping prompted this writer, who happened to represent Israel, to end the feasting with an irreverent toast: "Never have so few diplomats consumed so many calories and produced so little energy."

The writer, a former director-general of the Israel Foreign Ministry and involved in the work of the United Nations since 1947, contributed this comment to the International Herald Tribune.

Farrakhan, Simpson and Powell

By William Safire

WASHINGTON — Here a contrarian take on the three quite different men.

On Louis Farrakhan: These questions arise. If he was smart enough to come up with the ripe idea that attracted so many peaceful demonstrators, why didn't he tone down his anti-Semitism in the run-up to the march? Why did he have to turn off many people who were ready to ignore his past remarks by again calling Jews "bloodsuckers" preying on the "black nation"? The answer: Anti-Semitism has always worked for him, just as the device has worked for demagogues for thousands of years.

A group being appealed to as outcast or maltreated needs someone to blame for its victimhood, but the chosen object must not be strong enough to retaliate. Time and again, Jew-baiting has satisfied this need for "safe hate" — a scapegoat is not expected to fight back.

There is this bonus: The subsequent disgusted reaction of the majority, black and white, elevates the demagogue to sustained controversy, which further spreads his fame and drawing power.

So the leader of the Nation of Islam returned to his root message. Then, equally shrewdly, speaking to a much wider audience on the Mall and on television, he offered to negotiate with the bloodsuckers; after all, if Jews could deal with Yasser Arafat, why not with him?

The logical answer is that nobody would deal with Mr. Arafat until he publicly re-

nounced terrorism. Jews should enter into a dialogue with Mr. Farrakhan when he renounces anti-Semitism and demonstrates his sincerity by cutting out the slurs and enforcing rhetorical discipline among his disciples. No apology needed; just stop.

He won't. By scooping that necessary condition as "crawling on my knees" — which it is surely not — he makes positive communication with most Americans, especially Jews, impossible. Some Jews are ready to negotiate with anybody on anything (and would treat the reduction of "bloodsuckers" to mere "racist exploiters" as great progress), but most find hope in the nonviolent camaraderie of the marchers, who deserve leaders unafraid to reject the path of dis-integration.

On O. J. Simpson: At the risk of getting a call from him, let me counter the view that he will be forced to testify at a civil trial.

We are told that because he has been acquitted, he cannot again face criminal charges on the murders; that would be double jeopardy. Because he cannot be tried again, he cannot incriminate himself, and therefore cannot invoke the Fifth Amendment; that is why we assume he would have to answer questions under oath in a civil suit.

But in the Rodney King case, after an acquittal in state court and an ensuing riot, the accused police officers were retried on a federal criminal charge of denying Mr. King his civil rights, and

convicted. (Some of us felt that that was double jeopardy.)

Mr. Simpson's lawyers might point to this precedent and argue that anything their client says in a civil suit brought by the murder victims' families could be used against him in any subsequent criminal trial — whether a federal charge of denying the victims their civil rights, or some other crime revealed by the new information. It would be possible for Mr. Simpson to incriminate himself — which would give him the right to take the Fifth.

Another way to avoid a deposition is to distribute his assets to his lawyers — he must owe them plenty — and go bankrupt. He stands mute, loses the civil case, and lets the victims' families possess his Ferrari and Bentley. On a book that tells the story his way, his future earnings would be his own.

The point: Don't be too sure of getting "the truth."

On Colin Powell, a happier note: His flirtation with independence was never serious. He has repositioned himself to be "generally in line with the Christian right" and realigned to most of the Contract With America. Like most respectables, he frowned at Mr. Farrakhan and smiled on the marchers.

That all suggests that he will throw his stars in the Republican ring not long after Veterans Day. This could pull in Newt Gingrich and thereby help Bob Dole. Then we can talk less about racism and more about the upcoming race.

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Bicycle Craze

PARIS — The insinuating bicycle, with its constant improvements and its patronage by fashion, has wrought havoc among certain trades which formerly enjoyed a lucrative business. Prominent among the victims of this vehicle of the century is Brewster, the well known fashionable carriage builder of New York. Brewster's business died of a malady caused by the bicycle microbe. Regarding the carriage-building business generally, it has been diminished by one fourth — perhaps more.

1920: No More War

PARIS — [The Herald says in an editorial:] Baron Hayashi, the new Japanese Ambassador to the British Court, has made a statement intended to be reassuring as to the relations of his own country with the United States of America. He received the suggestion of an American-Japanese war "with

serene vivacity." "War? War?" he exclaimed. "But think for a moment! What serious statesman, what sensible person, on either side of the Pacific, could entertain such a thought? As if the lessons of the late war had been lost upon the world, and had not taught every thoughtful nation that nowadays war is not a paying proposition."

1945: Hitler Dead

FRANKFURT — The opinion held by high American military officers that Adolf Hitler is dead has been strengthened by the Führer's former chauffeur, who told that he had helped burn the bodies of Hitler and Eva Braun. The chauffeur, Erich Kempka, insists that he helped burn the two bodies on April 30 near the Führer's bunker at the Reich Chancellery in Berlin. Reporting to the Führerbunker at 1500 hours, Kempka was met by Guensche with the words "The Chief is dead. He has shot himself."



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OPINION/LETTERS

In Dealing With Militants, France Must Hold Steady

By Flora Lewis

PARIS — The latest bomb attack on a commuter train in the heart of Paris is confirmation that the super-surgent anti-terrorist measures here cannot guarantee protection. It also confirms that the French police made a costly mistake in killing Khaled Kelkal, a prime suspect in previous attacks, when they tracked him down last month, whether or not it was justifiable as self-defense.

The troubling supposition now is that there are several, more or less autonomous, terrorist cells operating in France, not a single one that could be dismantled at a swoop. Interrogating Mr. Kelkal might have produced a great deal more information about the campaign than the murky suspicions now available.

Evidently, the campaign stems from the civil war in Algeria, and it seems to reflect the division among the Islamists fighting the military government there. The most radical, opposed to any idea of dialogue and the internal negotiations that France supports, use the menace of violence (they even call it war) in France in an attempt to force Paris to withdraw its help for the government.

President Jacques Chirac quickly made clear that if the Paris bombings were intended to frighten him into abandoning his meeting with President Liamine Zerkou of Algeria at the UN summit meeting in New York this weekend, they did not work.

He has been buttressed by the remarkably sober reaction of the French public and the several million Algerian immigrants or descendants who live here. Of course people are worried, but there has been no panic or mindless acts of retribution that would escalate and spread the impact of violence. The terrorists can still kill and maim, but they have not terrorized. That is the most effective defense.

It would be childish and counterproductive to withhold sympathy and respect for this response by the government and the public because Mr. Chirac has been equally adamant in rejecting demands that France cancel scheduled nuclear tests in Polynesia. The issues are quite different. Generalized France-bashing makes no sense.

And yet there are historical, subtle links between the two issues. France transferred its nuclear test site from Algeria's southern Sahara to the Pacific when President Charles de Gaulle was preparing to

end the terrible colonial war by granting Algeria independence.

For the colonists, Algeria was France. As his minister of information, Alain Peyrefitte, now tells in a revealing book, de Gaulle decided clearly and without qualms that France was not Algeria, despite the threat of civil war in the homeland.

The result, however, was long and disastrous misrule by the cliques that won in Algeria. France is now blamed for its indifference to what was going on, which led to the rise of militant fundamentalists out to overthrow the military regime.

De Gaulle pursued an atomic arsenal to demonstrate French independence and standing as a power. He judged withdrawing from Algeria essential for the same goals.

And yet, it is now clear that France cannot escape Algeria or its responsibility to those Algerians who cling to Western values against the murderous behavior of both the militants and the military in their beleaguered country.

Terrorism in France is aimed at convincing Paris that it would be easier and safer to cut remaining links with Algeria, to forget it. But that is an illusion that is not accepted. North Africa, especially Algeria, is a neighbor and, however turbulent and hostile relations have been at times, an ineluctable partner.

There is no easy choice for France now, but it must do what it can to help Algerians resolve their gruesome conflict and establish a healthier, more productive regime.

There may be a temptation to strike a deal with the perpetrators of violence. This has happened in the past: shadowy accords pledging to halt terrorism on French soil or release hostages in return for noninterference with acts of violence elsewhere, even using France as a base.

They worked for a while, but they were demeaning and disloyal to the values France proclaims. That is why they were never acknowledged. Nothing of the sort should be repeated; it would only increase the danger.

On grounds of security, France has means to come to almost close its doors to Algerian refugees threatened with death at home. Still, it is to the credit of both government and public that it is not being terrorized or diverted from the permanent need for friendly relations with Algeria.

Steady on is the best course for success.

© Flora Lewis.



France guards its composure.

LETTERS TO THE EDITOR

Uganda's Example

Uganda, which was called the "pearl of Africa" by Winston Churchill in colonial days, is now showing Africa the way forward. Having suffered political and economic chaos during the regimes of Idi Amin and Milton Obote, Uganda's new president, Yoweri Museveni, has proposed something new and dramatic. With 48 percent of its mountain of \$3 billion of foreign debt owed to the World Bank, on soft terms (costing \$30 million to service in 1994), and 12 percent of its debt owed to the IMF, on hard terms (costing \$70 million), Uganda has become the first nation anywhere to merit improved "Naples Terms" debt forgiveness (67 percent rather than 33 percent) on some of its bilateral or "Paris Club" debt recently, due to its demonstrated commitment to strict financial disciplines.

To IMF and World Bank management, President Museveni has offered an extraordinary partial abrogation of Uganda's "sovereignty," in a vigorous effort to eliminate corruption from its public sector.

Mr. Museveni has offered to pay to maintain the requisite number of resident, externally appointed au-

ditors to monitor the public sector's performance for up to 20 years. During this time, a portion of IMF/World Bank debt servicing would be forgiven immediately and the debt principal gradually forgiven. Should a subsequent government revert to official corruption, or kick out the auditors and return to "sovereign secrecy," the unamortized debt principal would quickly be reimposed and become serviceable.

The Ugandan offer would be difficult for many IMF and World Bank borrowers to emulate. Political leaders in many of these nations feel that the fruits of leadership enable them to dip liberally into the public trough. The proposed offer would, however, form the basis for a new standard of accountability and transparency between those two multilateral banks of last resort and an increasingly profligate group of national borrowers.

Good governance would be rewarded and the world's poor given a genuine boost. An IMF initiative in response to Uganda's offer would help re-establish the basis of trust between leaders and borrowers.

KARL A. ZIEGLER,
London.

An Idea for Spratlys

History suggests that the proposed solution to the Spratly Islands dispute ("The Solution for the Spratly Islands Ought to Look Like This," Oct. 10) won't work.

"Multilateral development" of the area under a "Spratly Management Authority" would likely suffer the same fate as the failed deep-sea mining provisions of the Law of the Sea Convention. Joint development of rich mineral resources is seldom practical due to differences in technology and investment among competing states.

A better idea would be to create an international marine park in the Spratlys under an agreement similar to the Antarctic Treaty. Territorial claims would be suspended, military forces excluded, and the area developed for benign uses such as research and ecotourism. The proceeds of sustainable fisheries could be allocated among all parties.

Rather than being destroyed by oil and gas development, the fragile coral reefs of the Spratlys would be preserved for the benefit of all nations.

MICHAEL SUTTON,
Surrey, England.

Hello Carol, and Farewell To a Golden Theater Era

By Tom Shales

WASHINGTON — I expected to be amused, to be charmed and to be cheered up. But I did not expect to be touched, moved and even thrilled. And yet I was, sitting there in the opera house of the Kennedy Center watching Carol Channing in "Hello, Dolly!"

I felt the room swaying and the band playing one of my old favorite songs from way back when.

And I was transported back through the years to my intensive theatergoing days, before television

to Hollywood. TV lost a lot in the transition. We all did.

Most of the greats, the true giants of the musical theater, are gone, so Carol Channing, up on that stage as Dolly Levi, has to represent them all. And she does. She also embodies a tradition, an ideal, a cherished part of 20th-century Americana. We Americans didn't just give the world sitcoms and blue jeans and rock 'n' roll. We also gave it musical comedy.

It all rests there on her 74-year-old shoulders. Wow wow wow, fellas. Look at the old girl now, fellas.

"Dolly" has now moved on to New York, after months of touring the country, and if you haven't seen it yet, you've deprived yourself not only of having a wonderful time but also of witnessing a living moment of cultural history, a golden farewell to a golden era. Carol Channing in "Hello, Dolly!" is the ninth wonder of the world. (King Kong was the eighth, remember?)

For Ms. Channing, the Washington run was something of a homecoming. She opened here in "Hello, Dolly!" during a pre-Broadway try-out in 1963. Incredibly, the Washington premiere took place less than a month after the assassination of President John F. Kennedy. Dolly promises that "tomorrow will be brighter than the good old days." Who could have believed that then?

As a matter of fact, who could believe it now? And yet when Ms. Channing sings it, you do believe.

Because I'd written a gushy review of Ms. Channing in "Dolly," she issued an invitation to come backstage after the final Washington performance on Sunday, Oct. 8. Backstage is one of my least favorite places; it's so easy to be in everybody's way and feel like a geek. But I went. Ms. Channing greeted me with her Cinemascope smile and those full-moon eyes and I held her hand.

What a doll. What a Dolly. If Ms. Channing were the worse for wear, or tottering around, the current revival of "Hello, Dolly!" would not be the immensely rewarding pleasure that it is. It would be a little depressing. But she seems fine. She's in great shape. She's still, amazingly enough, in her prime, and watching her up there on stage gives you the gratifying, reassuring, spine-tingling sensation that maybe you're still in your prime, too.

Washington Post Writers Group.

BOOKS

WHAT THEY'RE READING

• Robert W. Hardy, president of Americas International Consultants, is reading "The Tragedy of American Compassion" by Marvin Olasky. "It analyzes what is wrong with 'us' in our welfare states, which we all live in." (Charlotte Sector, IHT)



sidered completely misguided. To explain his own psychology, he prefers Plato's "Symposium," in which Aristophanes tells his dinner companions that there were once three sexes—each shaped like a globe—one male, female and hermaphrodite.

Each was split by the king of the gods for behaving offensively, and each has ever after sought reunion, to make itself whole again.

Vidal writes that he found his male other half in one Jimmy Trimble, a classmate at St. Alban's school who died in 1945, at 20, at two Jims.

Never again has the author been in love, he says, even though he has slept with thousands of young men (and the occasional woman, he hints), always as the seducer and the assertive partner, and even though for 40 years he has lived, sexlessly, with his companion, Howard Auster.

This somewhat oversimplifies psychology as reflected in the author's outlook on the world, the downside of which is a two-dimensional view of politics: America's only concern in fighting two world wars was imperial, and the country would have been better off remaining isolated; the Cold War was a concoction of American military interests to justify taxing the people for profits.

The upside is a sort of unified-field theory of human baseness, which permits Vidal to write about everyone, including himself, with an amusing cynicism.

Still, you have to wonder if he has gotten to the bottom of himself. Why does he seem to care so much about his eventual break with the Kennedys?

Christopher Lehmann-Haupt is on the staff of the New York Times.

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PALIMPSEST: A Memoir

By Gore Vidal. 440 pages. \$27.50. Random House.

Reviewed by Christopher Lehmann-Haupt

IN one of the typically biting stories that Gore Vidal tells in this caustic memoir, he recalls how at a literary party given for him in London in the early 1960s, E.M. Forster pointedly ignored Christopher Isherwood when the latter kept asking, "Morgan, did you get the copy of 'Prater Violet' I sent you?"

Vidal continues, "I really disliked Forster. Worse, I really liked his books." Forster could have calmed Isherwood by saying: "Yes, Christopher, I got the book. We'll talk later." Instead, by refusing to acknowledge Isherwood, Forster committed what Vidal decries as an act of "gratuitous cruelty."

This is important to know, because much cruelty is present in this memoir — on the author's part, in varying degrees, toward most of the people he

has ever known — and one feels relieved by his implicit reassurance that none of it is gratuitous. This means there is motive for the little digs, the nasty gossip, the subtle put-downs that flavor so much of the book.

Actually, the reason for the cruelty in most cases is self-evidently one of revenge. Revenge is apparently the reason Vidal skewers Anais Nin and Truman Capote so exuberantly, because, as he insists, they lied about him repeatedly.

BRIDGE

By Alan Truscott

THE diagramed deal, played in a duplicate game, at the Atlanta Bridge Club in Atlanta, has a weird feature that is well concealed.

One would expect North-South to land in four spades, but one pair, as shown, landed in six spades after an opening weak two-bid in hearts by West. North's raise to five spades was overoptimistic.

A minor-suit lead would have defeated the slam, but a heart was led to the ace, and the heart return was ruffed. The de-

clarer, Nicholas Pasarello, cashed the spade ace, led to the diamond ace, and prayed that the king would fall.

His prayer was answered, and he then ruffed a heart, cashed the spade king and entered dummy with a club lead. Three trumps were cashed, leaving this ending:

NORTH
♠ Q 10 7 4 2
♥ Q J 7 4
♦ A 10
♣ A K

WEST
♠ K 6 5 3
♥ K 5 2
♦ J 10
♣ J 10

EAST
♠ J 6 3
♥ A 10
♦ K
♣ 10 9 7 5 4 3 2

South (D)
♠ A K 9 2
♥ Q 7 6 4 3
♦ Q 8
♣ Q 8

The lead of the club ace now squeezed West in the red suits and brought home the slam. So what was the weird feature? The declarer points out the effect of strengthening the North hand by trading the diamond ten for East's diamond king.

The slam would then be a reasonable contract, and there would be nothing wrong with the bidding, but it would be unmakeable against any normal defense.

North and South were vulnerable. The bidding:
South West North East
2♥ 2♠ 3♥ 3♠
4♥ 4♠ 5♥ 5♠
6♥ 6♠ 7♥ 7♠
West led the heart six.

Classic-Kooky Chanel: An Explosion of Color

By Suzy Menkes
International Herald Tribune

PARIS — With two pre-teen girls prancing down the runway in Chanel denim, Karl Lagerfeld brought the lust for the label below the age of consent. His exuberant show Thursday was the effective end of the spring-summer season.

"After 10 days of shows, I wanted to end on a gay note with an explosion of color," said Lagerfeld to explain his fast-paced

PARIS FASHION

show with its easy jackets swinging sportively over khaki pants and the models laden with Chanel carriers aping the movie "Clueless."

The buyers were in their usual ecstasy — and why wouldn't they be? The show was stuffed with client clothes from the buttonless, edge-to-edge tweed jackets to the dainty coat dresses in sweet-pea tweeds or the steel gray designer denim, with the inevitable double C logo on the back pocket of brief shorts.

Yet there was something more cynical and cocksure than ever in Lagerfeld's calculated mix of classic and kooky.

The power of the Chanel name was emphasized by a giant globe at the back of the runway. That split open to reveal Claudia Schiffer, recovering from a tennis strain, who stomped out on a cane that pierced a Chanel bag.

Voilà! A witty photo op — and a client pleaser, as the supermodel wore a candy pink tweed jacket with beige pants.

How else to beef up these simple jackets and tailored blazers at the commercial heart of the collection? Show them over nothing but bare flesh so that the photographers have something to snap.

Other designers have dumped jewelry, but Lagerfeld was smart enough to make it gilt-free: fine silver chains, dangling Chanel name plaques or the house's signature camellia.

You thought there was no new zone for Chanel to conquer? Try this for size: minuscule Chanel pasties offering a fig-leaf of cover for the bosoms. These barely-there bikini tops were worn with nylon shorts and short jackets which — like a new flat-buckled silver belt — were Lagerfeld's take on Prada.

Snakeskin shoes and boots also absorbed current trends and gave them the imprimatur of Chanel.

There is something unsettling about a show that admits that you can sell anything, as long as it carries the red-hot Chanel label — in vulgarly large lettering on a terry-cloth djellaba or discreetly on silky knits.

FOR the fashion crowd, the play on good taste-bad taste might be funky and funny. But why should such a prestige show contain the ghastly as well as the gorgeous, as in the cheap-looking Empire-line velvet dresses in screaming colors worn under butter-soft leather jackets?

The answer was on the soundtrack crooned during the finale of evening jackets braided in tacky plastic: "That's the Magic of Chanel."

Hervé Léger's show was quite some achievement. There against a backdrop of his newly-opened boutique, was supermodel Cindy Crawford, bosoms squiver as she sashayed in her scarlet-woman gown. And there in the front row, three (male) fashion executives were fast asleep.

What could Léger do to wake them up? Yet another stretch bandage dress molding a heavenly body? More sexy cutouts?

More bandage-bra tops? He did all that and more: flesh-colored bandages overlaid with fishnet; with crunchy guipure lace; with spider's webs of chantilly lace. ZZZZZZ. The audience snoozed on.

High voltage glamour is looking like yesterday's trend. But Jacques Fath plugged away at Liz Taylor (rose covered bouquets and bodices), Jackie Kennedy (shift dresses and hand-held purses) and Grace Kelly (tulle dance dresses). The troupe frolics ended in a shower of bubbles.

Now that fashion has decided to look forward, rather than back, Michel Klein's 1940s dresses and berets seemed retro. But this sportswear collection, showing the influence of Prada, reinforced a message for bright color and print.

Léonard's show started with a silver leather and denim homage to veteran French rock star Johnny Hallyday, whose putative next young-enough-to-be-his daughter wife, Laetitia Baudou, made a blushing bride appearance. In between came the flower prints for which Léonard is famed, in vivid colors and a graphic black and white.

ALTHOUGH there is no single message of the fashion season to beam to the consumer, the buyers have praised the Paris season, which has majored on color and fabric, both innovative synthetics and traditional lace.

"I see the exuberance of color, the strength of the dress and evening clothes everywhere from Galliano through Valentino," said Rose Marie Bravo, president of Saks Fifth Avenue. She also praised the technological fabrics at Gaultier and well-executed revivals of 1970s themes — like the Yves Saint Laurent safari jacket.

"Color and ease," said Kalman Ruttenstein, fashion director of Bloomingdale's. "I see skirt lengths as either very short or very long. There is incredible fabric technology. And the avant-garde like Ann Demeulemeester and Helmut Lang are pushing ahead."

The 1996 collections in both Paris and Milan have been notable also for what they have not shown: the mid-length hemline that was touted last season has been quietly dropped — yet another example of a fashion that has been seen on the runways, but not in real life.

The London fashion shows run Friday through Tuesday, closing the three-week European fashion season. The New York shows then open on Oct. 28.



Chanel's teeny bikini top and shorts.



Preparing for an elephant safari at Tiger Tops; Durbar Square in Bhaktapur; a market scene.



Parvati Chakravarti (elephant); Seven Poles Square; Philip Lieberman (elephant)

Escaping the Smog and Finding Old Nepal

By Susan Ram

KATMANDU — My first encounter with Nepal came in the early 1970s, when I spent a year there teaching English. Then only a decade or two out of prolonged isolation, the little kingdom seemed to invite the visitor to step back a few centuries.

There was the pristine green of the Katmandu Valley, a shade more luminous than even that of English meadows. There were the street scenes that, set against a backdrop of medieval buildings, possessed the color and vitality of a Bruegel painting. The air, a heady cocktail of wood smoke, incense and farmyard aromas, betokened adventure; and such was the visibility that come October and the retreat of monsoon clouds, the high ranges of the Himalayas materialized as a white wall of splendor.

But to live in Nepal at this time was also to become sensitive to the squalor and backwardness that coexisted with its picture book quality. Crumbling brick houses whose carved wooden windows — delicately filigreed, ornamented with a profusion of plant and animal life — testified to proud traditions of craftsmanship might delight the visitor's eye but offered poor families scant protection against the winter chill.

Disease was rife among malnourished people living in densely populated neighborhoods bereft of drainage and plumbing. In rural areas, many of the women, bright with printed cottons and beads, whom one saw trekking under leaden loads up mountain trails, had the tacking cough of the tubercular. This was a harsh, semifeudal society, ruled by an absolutist monarchy.

In recent years, much has changed. Since 1990, Nepal has been a multiparty democracy ruled by a new constitution and a king who has become a constitutional figurehead. While mass poverty persists, a new political order premised on account-

ability has placed land reform as well as improved education, health and other services on the agenda.

When I returned to Nepal recently, Katmandu, I soon discovered, was no longer a city of medieval tableaux; it had been overwhelmed by the unexceptional brick and concrete structures of unplanned urban growth. Entire neighborhoods were unrecognizable. The rustic route along which I had bicycled to the university 25 years earlier had lost to the developer its paddy fields and dozing farmsteads. There were no views of Himalayan grandeur; even the nearby foothills could barely be distinguished through the smog of dust, industrial waste and gasoline fumes.

A quarter of a century ago, it was the drug-seeking counterculturist who came here in search of Xanadu. Then came the package tourists, including, in their legions, trekkers bound for the Annapurna circuit and the Everest trail. Today much of what survives of Katmandu's old bazaar area is given over to the provisioning of this clientele, from backpacks and sleeping bags to pizza, buffalo steaks and apple pie.

For the visitor for whom Katmandu is not simply a place of passage, however, much of interest remains to be seen in its vicinity. Searching for the apparently lost world so vivid in my memory, my husband, my daughter, and I largely bypassed the capital, venturing to small towns within the Katmandu Valley, all of them easily reached by rented car.

Our first foray was to Bhaktapur (also known as Bhadgaon), a 9-mile (15-kilometer) drive east of Katmandu. Once the capital of an independent kingdom, this little town retains much of its medieval character, thanks largely to a 15-year, German-financed restoration and sanitation program that has shored up its ancient buildings and repaved its streets with heringbone brickwork. Bhaktapur's magnificent Durbar Square is bounded by the

royal palace and by a sequence of pagoda-style Hindu temples; one turns from the intricate woodcarving of the "Palace of 55 Windows" to the artistic masterpiece that is the Sun Dhoka (Golden Gate), with its delicately worked mythological scenes. Dominating the square is the five-story Nyatapola Temple, one of the country's tallest Hindu structures, whose sequential tiled roofs are supported by extravagantly carved and painted beams and struts.

Less frequented by tourists than Bhaktapur is the hilltop town of Kirtipur, adjoining Tribhuvan University west of Katmandu. A couple of centuries ago, its strategic location and long tradition of independence encouraged the Gurkha conqueror Prithvi Narayan Shah to punish it with a singular atrocity: he ordered his troops to cut off the noses and lips of every male inhabitant.

PARKING our vehicle in a little square framed by the royal palace and the Bagh Bhairab temple, we climbed to Kirtipur's western vantage point, the temple of Uma-Maheshwar commanding sweeping views of Katmandu and beyond. Then came a stroll through the township's medieval maze of alleys, lanes and squares. In one square a group of women worked at carpet making, banging flat the knots of a piece in progress.

The village of Bungamati, a four-mile drive south of Katmandu, offers a window on everyday rural life in the Katmandu Valley. We came across a sequence of woodcarvers' workshops; the craftsmen offered articles for sale, but with none of the pressure associated with Katmandu or even Bhaktapur. We bought a representation of the Hindu elephant god, Ganesha, and a delicately wrought wall piece featuring a peacock.

The second stage of our explorations included a visit to Tiger Tops, a resort and wildlife sanctuary in Nepal's Royal Chitwan

National Park. Much of this southernmost strip of Nepal has been put to agricultural use, but stretches of its central and western portions have been preserved as wildlife sanctuaries comprising marshy grasslands and mixed deciduous forest. Of these, the Royal Chitwan Park is the oldest, most developed and most frequently visited. Our two-day stay at Tiger Tops Jungle Lodge was geared to our seeing as much as possible of the area's rich animal and bird life.

Pokhara was our third Nepalese destination. As in Katmandu, the intervening quarter century had brought much tourist-oriented change. The meadows along Phewa Lake's southeastern shore had been transformed into the familiar mix of curio shops, travel agencies, trekking outfitters, pizza and pie shops and cheap boarding houses. Yet it seemed to me, during our two-day visit, that Pokhara had somehow retained its soul, had preserved its slow-paced rhythms and its reputation as a place of leisure and contemplation. Perhaps the weather helped. On the night of our arrival, heavy rain cleansed the air of springtime dust and haze. Early morning found guests hastening from their rooms to take in the resulting panorama. In the east, the soaring ramparts of Annapurna II and IV caught the sun's first rays.

To the immediate north, Machhapuchhre (Fishtail Mountain) pushed its pyramid peak into the sky. In the west, Annapurna I and its companions continued the visual narrative, by turning blushing pink with the first touch of the sun.

We rented a boat and spent two hours on the lake before breakfast. As we watched, a curtain of cloud formed low and then slowly but inexorably ascended; one by one, the great peaks were engulfed. By nine o'clock not a shadow remained of the early morning magnificence.

Susan Ram, a British writer who has lived in India since 1976, wrote this for The New York Times.

HEAR THIS

Linda McCartney has ordered a recall of her vegetarian burgers after a television program said their fat content was between 20 and 23 percent rather than the 11.2 percent listed on the package. McCartney was described by her spokesman as very upset.

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THE MOVIE GUIDE

Cyelo.
Directed by Tran Anh Hung.
France.

"Cyelo" refers both to the bicycle driver and his vehicle, which is the popular means of transportation in Vietnam. Shot in Ho Chi Minh City, from a Vietnamese-French perspective, Hung has made a movie inspired by Martin Scorsese's "Taxi Driver" and Vittorio De Sica's "The Bicycle Thief" that looks intensely personal and modern. The young Cyelo (Le Van Loc) has his bike robbed and falls in with a gang led by a character called the Poet (Tony Leung-Chiu Wai). Coincidentally, the Cyelo's sister (Tran Nu Yen Khe) is in love with this pimp Poet who sets her up, exploits her, and spies on her suffering. Everybody is searching for protection in a scary world, and they pay — the boy and his sister lose their innocence. The Poet self-destructs. Hung's first feature, the prize-winning "Scent of Green Papaya," a rather too beautiful nostalgic view of Vietnam, was shot in France. This poetic thriller, which was awarded the Golden Lion in Venice, has too many twists and turnings, but the taste of Vietnam today is more pungent than any green papaya. Hung captures the confusion of lost people, pain and violence in a post-war underworld. Electricity is the air — characters are constantly getting shocks from faulty wiring — in the fluorescent lighting, rhythmic beat, and frantic movement of a convulsed city. (Joan Dupont, IHT)

Blue in the Face
Directed by Paul Auster and Wayne Wang. U.S.

When they finished shooting "Smoke," Paul Auster and Wayne Wang were in no hurry to go home. And Auster wasn't even far from home, since the Brooklyn Cigar Co., the Park Slope store in which much of "Smoke" was set, is part of the neighborhood in which he lives. So they stayed in the store. They let the camera roll for long takes without interruption. Showing the actors signs that read "Boring!" or "Get to the Point!" or "2 Minute Warning" was as close as Wang and Auster came to directing "Blue in the Face," their new cinematic accessory to

ceremonies at the cigar store, presiding over the antics and looking genuinely amused by much of what he sees. (Janet Maslin, NYT)

Persuasion
Directed by Roger Michell. Britain.

"Persuasion" is Jane Austen's lyrical story of lost love, with the unexpected reward of a happy ending. The heroine, Anne Elliot, tossed away love at 19, convinced by her friend Lady Russell that a penniless naval officer was no match for the daughter of a baronet. The story begins eight years later, when Anne is 27 and therefore on the verge of 19th-century spinsterhood. Anne is perfectly portrayed by Amanda Root in Roger Michell's lovely and subtle film. When the newly rich Wentworth and her cousin William re-enter her life, she gets one, and maybe two, late chances at marriage. Anne is the sane center around which Austen constructs the most bitter and redeeming of her social satires. All this is brilliantly captured by Michell, with the screenwriter Nick Dear and a cast completely in sync with Austen's warm but piercing style. Their "Persuasion" is profoundly truthful in many ways; in its sense of emotional longing; in its natural, unglamorized visual beauty; in its fidelity to the delicate tone of Austen's satire and romance. (Caryn James, NYT)

At Palais Royal, Unfussy Bistro Fare

By Patricia Wells
International Herald Tribune

PARIS — Historic settings ultimately create their own ambience and turn quickly to romantic stage sets, especially in Paris. Such could be the case with the young Restaurant du Palais Royal, which opened this summer under the arches of the 17th-century Palais Royal, originally built as Richelieu's Palais-Cardinal.

During the summer months, I spent many agreeable hours — lunch time and dinner time — seated at the edge of the refined gardens, watching the play of Parisians as they passed through, paused, and lingered here.

Chef Bruno Hess has created a simple, no-nonsense menu for the restaurant, and his food serves as a fine, modern backdrop for a square laden with history. Now that we're required to dine indoors, the setting is less romantic, less airy, but given the right electricity it could be just as gratifying.

With the feel of an elegant 1920s bistro, with crisp other lines and mirrors that reflect out onto the stone arches, metal gates and garden beyond, the restaurant feels like a safe city haven.

A small spark is still missing here and it's hard to say what it will take to ignite it: Maybe the ghosts of the past simply need to be brushed away.

If you're in the mood for simple, unfussy fare, go for the *salade de saison aux herbes*, a veritable forest of tiny greens and herbs, served in a copious, well-dressed mound. I often opt for the simple *grilled bar de ligne*, sea bass caught on a line, not in a net. The fish is grilled to perfection, arriving moist, fresh-tasting, sure to satisfy.

The daily *friture* is overly copious and fried in a batter that's too heavy for the tiny



flavored edge you can't get out of raw salmon, no matter how well you season.

The main course beef tartare is a rare wonder in a city filled with mush that parades about as the real thing. Here, it's truly cut by hand, so the meat remains chewy, and the seasoning to order is right on the mark.

A simple grilled slice of tuna fits the bill for tuna lovers, as does the fine grilled chicken. It's game season, and a recent offering of sautéed *chevreuil*, young deer, was deliciously moist and light, really halfway between a sauté and a stew, paired with chewy wild mushrooms.

DSSERTS are on par with the rest of the fare, and include a soothingly delicious platter of *sorbet au fromage blanc* made of the young fresh cheese; as well as a *fondant au chocolat chaud*, a warm dessert that's neither cake nor soufflé but in some delightful never-never land in between. There's also a classic and still satisfying *crème brûlée*, as well as a model *dada au rhum*, served with a dollop of whipped cream and a homemade syrup of rum, vanilla beans and lemon zest.

The wine list is spotty, but does include some worthy bottles, such as the always reliable Loire Valley Saumur-Champigny from the Domaine Filletteau, the 1993 at 105 francs; Domaine Templier's Boudoir rosé (160 francs for the 1994), and the highly priced yet delicious 1993 Chablis 1er cru "La Forest" from Vincent and René Dauvissat at 235 francs.

Restaurant du Palais Royal, 110 Galerie du Palais Royal, Paris 1; tel: 40.20.00.27. Credit cards: American Express, Visa. Closed Saturday lunch and Sunday. A la carte, 215 to 325 francs, including service but not wine.

epirlans, or smelt. But that won't keep one from popping the miniature, whole fish into one's mouth like popcorn.

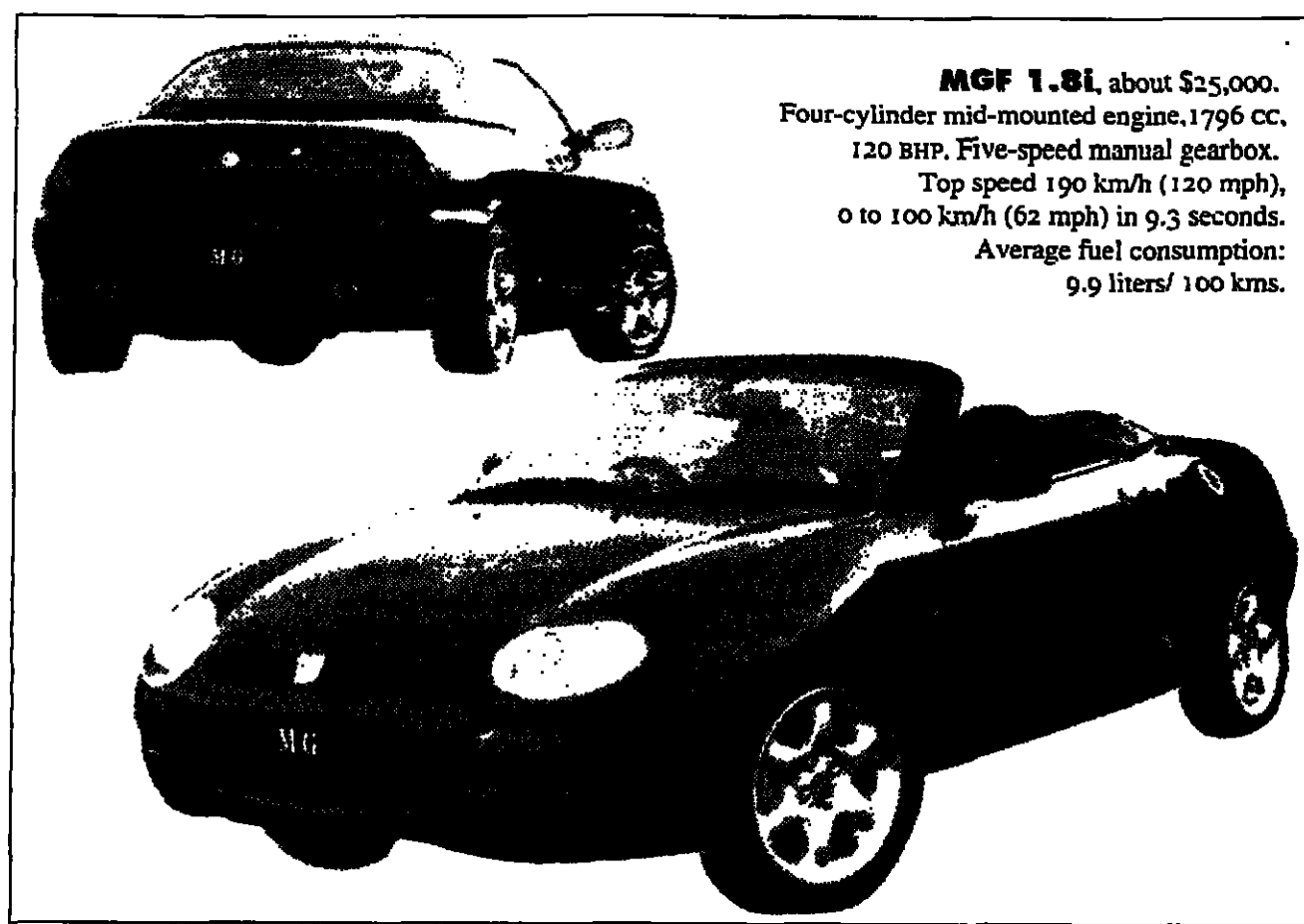
Daily specials this time of year might include a platter of six giant crinkle-shelled, *creuses* oysters from Brittany, with their welcome Bordeaux-style accompaniment of small and spicy pork sausages; or a gratin dish overflowing with nicely sautéed wild *cèpes* mushrooms.

While city restaurants are about to reach tartare overkill, I have to admit that Hess's versions are delicious though they lack eye appeal, since he flattens them out on the plate rather than serving the tarts in a tempting mound.

His first course tartare of smoked salmon and *dorade* has that chunky, cut-by-hand look, and the combination is delicious.

The smoked salmon gives it that full-

THE CAR COLUMN



MGF 1.8i, about \$25,000.

Four-cylinder mid-mounted engine, 1796 cc, 120 BHP. Five-speed manual gearbox. Top speed 190 km/h (120 mph), 0 to 100 km/h (62 mph) in 9.3 seconds. Average fuel consumption: 9.9 liters/100 kms.

The New MG: Too Perfect to Love?

By Gavin Green

LONDON — This new car is not a real MG, thank goodness. Real MGs were minimum technology, maximum facility, open-topped bone shakers that offered drivers a good time not because of what they had, but rather what they didn't have.

They didn't have roofs, so there was a marvelous at-one-with-nature feel about old MGs, as they breezed their way down little English country lanes on the way to the local public house. (Even if you lived in California, you still imagined you were driving an MG in England.) They didn't have suspension — well, at least not much in the way of suspension. In fact, they had about as much "give" as a skateboard. Most would call it uncomfortable. MG owners simply called it character-building. Mind you, compared with Spitfires and Lancasters, the MG probably wasn't so bad.

They didn't have much technology. MGs were still hiding in the cave when most Western makers had safely crossed the plains to the motorized civilization that tames poor weather, bad roads and unreliability. So old MGs were pretty rosy cars, right? In one sense, yes. But people still loved them. They loved their style; they loved their simplicity; they loved their cheapness. MGs were not the rich man's toys that roofless Jaguars and BMWs and Ferraris were. They were roadsters for the common man.

The new MGF is at least true to the last trait: it's good value. And it's got an open roof. And it's got an octagonal MG badge. In every other way, though, it's about as traditionally MG as a Cadillac Fleetwood. This is no crude Sunday toy for jolly chaps in tweed jackets and cloth caps on their way to the local pub. This is a technically avant-garde car: advanced of en-

gine, suspension and steering, and with its motor situated where top-notch sports cars should have them: right behind the driver.

This mid-engine layout is very unusual in a car costing, in Britain, less than £16,000 (\$25,000). It's normally the preserve of Ferraris and the like. And when you do get cheapish mid-engine cars, such as the Toyota MR2, you rarely also get fully convertible roofs. After all, the roof will concentrate back onto the engine cover, which makes checking the oil (something old MG owners had to do rather a lot of) difficult. Rover, maker of the MGF, has gotten around this problem partly through a very clever hood, a little supplementary engine cover which gives access to the oil dipstick, and through a very low maintenance engine.

Other engineering highlights include a variable valve control (VVC) engine on the top-line model which, in plain English, means it revs high, goes fast, has lots of pulling power and doesn't use too much fuel. There is Hydragas suspension, which helps give a more supple ride than conventional steel springs. And again on the top version, you get electric power steering, which should give better feel than normal power steering as well as making parking a cinch, and will when Rover gets it right.

Unlike old MGs, the new one is beautifully wrought and assembled and feels more solid on the road than any open-top car I've driven, with the possible exception of the five times as pricey Mercedes SL. There is little of the shake and shimmy that characterize most roadsters.

The engine makes all the right sporty noises, and is quick enough even in normal non-VVC guise as tested; and the brakes and handling set new standards in open-top cars of this price. Unlike old MGs, and most new roadsters, which are all about low-speed, wind-in-the-hair fun but can't really cut it as high speed sensory satisfying

sports cars, the MGF works both ways. Want to mosey along, roof down, not a care in the world? Fine, it does the job great. Want to really drive the car fast? No problem. This MG is as good as hardtop coupes that have sheets of steel where it merely has sunlight.

I wish it looked better, though. It's handsome enough, in a rather Japanese generic way, and very professionally styled, with a stance like a muscle-bound terrier. But where are all those glorious styling details, in which the new Alfa Spider and new Fiat Barchetta proliferate, and in which MG was once so expert?

THIS is the one area where some of the old MG cues would have been welcome. Other than a mild parody of the last of the rubber-nosed MGB grilles, there is none.

Given that romantic styling is at least as important as dynamic ability when it comes to sports cars, this may prove a costly mistake for Rover. Another is that there are no plans to export the car to America, where MGs are still fondly remembered, and the badge still a strong one. Big sales in Europe and Japan will have to compensate.

Will they? Maybe. There's little doubt that this is the best MG of all, just as it is probably the most technically advanced new car of the year. But competence is no substitute for romanticism, not when it comes to sports cars, which are all about emotions and irrationality. After all, what's the rational about a car that seats only two and has no roof? If only there were a bit more to love and a bit less to admire about the new MG, it would be an even more desirable car.

Gavin Green is the editor of Car magazine. Next: the Ford Fiesta

THE ARTS GUIDE

ARGENTINA

Buenos Aires
Teatro Colon, tel: (1) 382-3289. Works by Rossini, Prokofiev and Strauss performed by the Bavarian Radio Symphony under Lorin Maazel. Nov. 1.

AUSTRIA

Vienna
20er Haus, tel: (1) 799-8900, closed Mondays. To Oct. 29: "Raymond Chabrier." 25 works by the French artist whose oeuvre is based on unexpected connections, shifts of meaning and ambivalence. The exhibition features turn-off posters on canvas and wood, as well as a series of 12 large-scale poster-plastered walls.

BELGIUM

Antwerp
De Vlaamse Opera, tel: (3) 293-89-85. A new production of "Le Nozze di Figaro," conducted by Peter Eickens, with Mary Mills, Urban Malmberg and Boje Skovhus. Oct. 22, 25, 28 and 31.

BRITAIN

London
Royal Academy of Arts, tel: (171) 434-5815, open daily. Continuing: To Jan. 28: "Africa: The Art of a Continent." Tate Gallery, tel: (171) 897-9000, open daily. To Jan. 7: "Dynamism: Painting in the 20th Century." More than 100 paintings, miniatures, works on paper, tapestries and sculptures. Features portraits of the principal figures of the age, including the monarchs, by Holbein and Van Dyck, among others.

CANADA

Montreal
Canadian Centre for Architecture, tel: (514) 939-7000, closed Mondays and Tuesdays. To Jan. 14: "Architects of the Image: Photography in the Heroic Age of Construction." 75 photographs from the mid-19th century to the 1980s explore the relationship between the building of large-scale structures and the shaping of the photographic image itself.

CHILE

Santiago
Teatro Municipal, tel: (2) 671-2900. "Nabucco," conducted by Michelangelo Veltri, with Leo Nucci, Linda Rook-Sturmer, Francesco Ellero D'Artega and Katie Lytting. Oct. 21, 28, 29 and 31.

DENMARK

Copenhagen
The Royal Danish Opera, tel: 33-32-20-20. Verdi's "Otello," directed by Folke Abelson, conducted by Klaus Waase with the Russian tenor Alexei Steblinski and Elisabeth Meyer-Tosop. Oct. 28 and 31.

FRANCE

Paris
Grand Palais, tel: (1) 44-13-17-17, closed Tuesdays. Continuing: To Jan. 1: "Cézanne." About 200 paintings, watercolors and drawings by the Provencal painter. Musée Carnavalet, tel: (1) 42-72-21-13, closed Mondays. To Feb. 11: "Robert Doisneau." A chronicle of Parisian life and people through photographs taken since the 1930s by the French artist.

Musée Marmottan-Claude Monet, tel: (1) 42-24-07-02, closed Mondays. To Jan. 7: "De Le Brun à Vuillard." A selection of works by French painters from the 17th century to the 20th century, all of them members of the Académie Royale de Peinture et de Sculpture, and later of the Académie des Beaux-Arts. Includes works by Chardin, Boucher, Ingres, Forain and Maurice Denis.

Musée d'Orsay, tel: (1) 40-49-48-14, closed Mondays. To Jan. 14: "Monet, Gauguin, Rodin..." Chêles d'œuvre Française de la Ny Carlsberg Glyptotek de Copenhague. From the collection of French sculptures and paintings kept in the Ny Carlsberg Glyptotek in Copenhagen, works by Gauguin, Degas, Manet, Seley and sculptures by Rodin.



Sean Scully's abstract works are on show in Atlanta.

Pavillon des Arts, tel: (1) 42-33-82-50, closed Mondays. To Jan. 7: "Histoire de l'œuvre de l'orient chrétien." Through icons from three different Christian zones of influence, Byzantium, the Middle East and Russia, the exhibition documents the diversity of styles.

GERMANY

Berlin
Deutsche Oper, tel: (30) 34-984-01. Friedrich von Flotow's "Martha oder Der Markt zu Richmond." The 19th-century German composer's opera is directed by Winfried Bauerleind and conducted by Sebastian Lang-Lessing. Oct. 28 and Nov. 3.

Tübingen
Kunststhal Tübingen, tel: (7071) 9581-0, closed Mondays. To Dec. 10: "Egon Schiele: Sammler Leopold, Wien." More than 150 paintings, watercolors, drawings and gouaches by the Expressionist artist were gathered by art collector Rudolf Leopold, who first recognized Schiele's talent and pictorial independence.

ITALY

Luca
Teatro del Giglio, tel: (583) 44-21-03. "Carmen," directed by Carlos Pizarro, conducted by Marco Baldini, with Silvia Ballestrin/Maria Mazzoni/Nadia Meloni, Antonello Palmieri/Marcello Tedeschi/Gianluca Zampieri. Nov. 4, 5 and 6.

THE NETHERLANDS

The Hague
Het Paleis, tel: (70) 338-11-11, closed Mondays. To Jan. 14: "Rodin." 50 sculptures, drawings, watercolors and graphic works by the French sculptor, Auguste Rodin (1840-1917).

SCOTLAND

Glasgow
Theatre Royal Glasgow, tel: (141) 332-0000. A new production of "Don Giovanni" by the Scottish Opera. Directed by John Cox, conducted by Nicholas McGegan, with Peter Matt-Jones, Rodgers, Francesca Pedaci and Yanni Yannis. Oct. 28 and 31.

SWEDEN

Stockholm
Nationalmuseum, tel: (8) 666-42-50, closed Mondays. To Jan. 14: "Nordic Turn-of-the-Century; Luz del Norte." A collection of 100 paintings featuring Nordic landscapes and portraits.

SWITZERLAND

Geneva
Musée de l'Horlogerie, tel: (22) 736-7412, closed Tuesdays. To Dec. 15: "L'âge d'or du Petit Portail." 80 miniature portraits painted from 1700 to the 1870s showing the styles and variety of these small, delicate paintings.

UNITED STATES

Atlanta
High Museum of Art, tel: (404) 892-444, closed Mondays. To Jan. 7: "Sean Scully: Twenty Years, 1976-1995." A retrospective of the work of the Irish-born American painter, featuring 62 paintings and works on paper. Scully's large-scale abstract paintings are notable for their use of vertical, horizontal and diagonal stripes of varying length and thickness. The exhibition will travel to Barcelona, Dublin and Frankfurt.

New York
Brooklyn Museum, tel: (718) 638-5000, closed Mondays and Tuesdays. To Jan. 7: "Leon Polk Smith: American Painter." More than 40 paintings created between 1938 and 1994 document the American artist's commitment to geometric forms and spatial relationships conveyed through solid areas of color. Museum of Modern Art, tel: (212) 708-0400, closed Wednesdays. Continuing: To Jan. 23: "Piet Mondrian: 1872-1944." More than 150 landscapes, Cubist works and abstract works by the Dutch painter. Also, to Jan. 16: Annette Mess-

Washington
National Gallery of Art, tel: (202) 737-4215, open daily. To Dec. 31: "A Great Heritage: Renaissance and Baroque Drawings from Chatsworth." More than 100 drawings by Leonardo, Raphael, Van Dyck, Rubens, Rembrandt and other masters, selected from the collection of the Dukes of Devonshire in England. The exhibition will travel to New York.

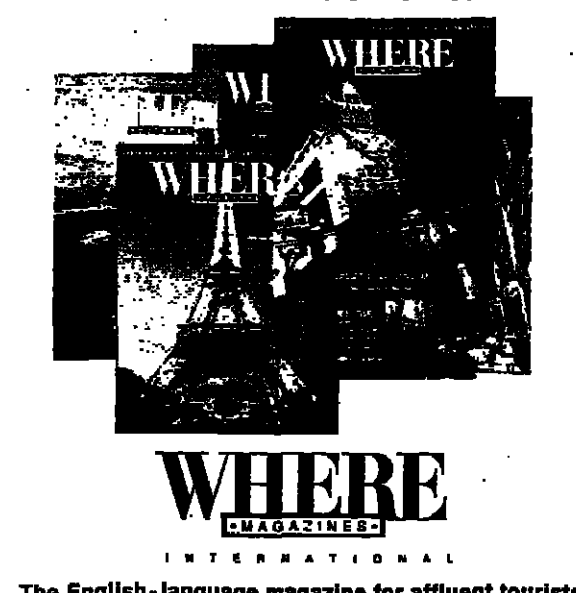
Hirschhorn Museum and Sculpture Garden, tel: (202) 357-2700, open daily. To Jan. 15: "Stephan Balkenhol: Sculptures and Drawings." 30 carved and painted renderings of animals and young people in wood and large-scale drawings by the German sculptor. The exhibition will travel to Montreal.

CLOSING SOON

On Oct. 22: "The Passionate Art of Umberto Boccioni," British Museum, London. On Oct. 22: "Richard and Maria Caspary: Regency Artists of Taste and Fashion," Scottish National Portrait Gallery, Edinburgh. On Oct. 22: "Robert Morris: 1961-1994," Centre Georges Pompidou, Paris. On Oct. 22: "The Masterworks of the Barnes Collection," Haus der Kunst, Munich. On Oct. 22: "Waga des Expressionismus," Casino Luxembourg, Luxembourg.

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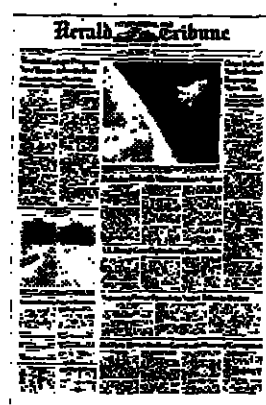
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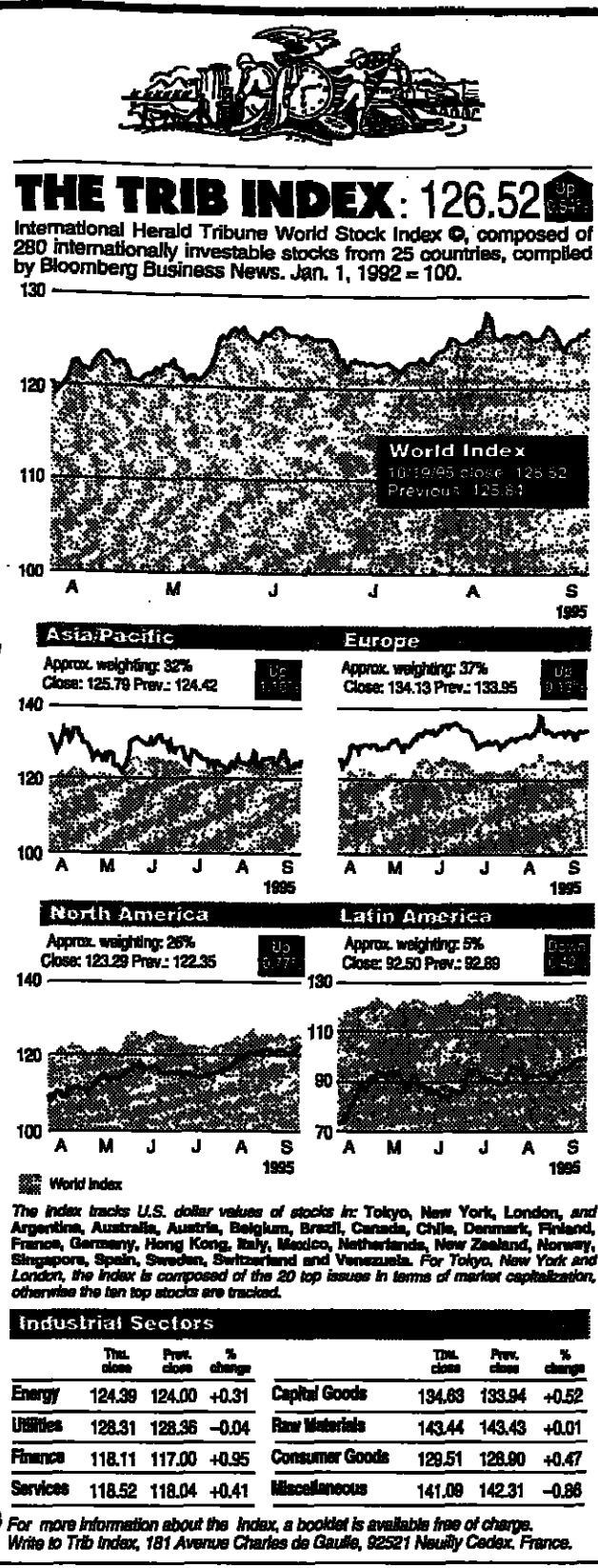
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Softbank Plans to Acquire Ziff-Davis

Bloomberg Business News
TOKYO — Softbank Corp. said Thursday that it planned to buy Ziff-Davis Publishing Co. from Forstmann, Little & Co., making the Japanese company the world's largest computer magazine publisher.

Softbank, Japan's biggest publisher of software and high-tech magazines, would add titles including PC Magazine and PC Week to its portfolio. The purchase would give it 46 percent of the \$1.7 billion U.S. computer magazine market.

"Only a few minor obstacles remain," said Masayoshi Son, Softbank's president.

Son did not disclose details of negotiations, but he said the cost probably would exceed \$1.5 billion. He said the Ziff family was not opposed to selling its remaining 6 percent stake.

A Forstmann Little spokesman confirmed the negotiations with Softbank, declining to comment further.

Forstmann decided to sell because the price represented a 67 percent return on the capital it invested when it bought the publisher, a person familiar with the situation said.

The New York company used \$900 million of its own capital and \$500 million in bank debt for the purchase. Ziff-Davis had about \$700 million in revenue last year.

The sale would represent a quick turnover for Forstmann Little, which usually holds onto its acquisitions for at least a few years to improve operations, analysts said.

Softbank is expanding in the United States, adding technology trade shows and software joint ventures.

Will Leeson Get a Break? Singapore Hints It May Plea-Bargain

By Michael Richardson
International Herald Tribune

SINGAPORE — Officials investigating the collapse of Barings PLC have indicated they may be prepared to plea-bargain with the fugitive trader Nicholas Leeson if he comes forward with evidence implicating senior executives of the bank in wrongdoing, legal analysts said Thursday.

Mr. Leeson's lawyer in Singapore, John Koh, has already met the Commercial Affairs Department, a government agency responsible for investigating white-collar crime, but he declined to disclose the substance of his discussions.

Mr. Koh, a former deputy director of the department, said he and his client had been "evaluating all the various defense options open to us," the Straits Times reported Thursday.

Analysts said this could involve cooperation with the authorities in exchange for a lighter sentence.

Mr. Leeson, who is in prison in Germany awaiting possible extradition to Singapore on 11 charges of forgery and fraud, faces as much as 14 years in prison if found guilty in the Singapore courts.

Stephen Pollard, Mr. Leeson's lawyer in London, said his client was ready to be judged and punished for what he had done.

"What he asks is that his involvement be viewed in the full context of the acts and omissions of others," he said.

Mr. Leeson earlier offered to cooperate with Britain's Serious Fraud Office to avoid extradition to Singapore and be tried in London instead.

But the office said last month that "Singapore remains the principal jurisdiction for a criminal prosecution" and declined to seek his extradition.

The British agency said Mr. Leeson had failed to add to information about the collapse of Barings uncovered in earlier investigations.

Mr. Leeson has said that senior Barings executives were aware of his activities, which mainly involved trading on behalf of the bank.

In a report Tuesday, two inspectors appointed by the Singapore government said that the bank's collapse under debts of 2.2 billion Singapore dollars (\$1.6 billion) in February was the result of massive losses in futures trading by Mr. Leeson, Barings' chief trader in Singapore.

But it also accused senior managers of the bank in London and Singapore of failing to rein in Mr. Leeson and concealing one of his major unauthorized transactions.

Mr. Leeson is the only person so far charged with crimes in connection with the Barings collapse.

But the Commercial Affairs Department is undertaking its own investigation and said that if it could be established that offenses had been committed in Singapore, further prosecutions, preceded if necessary by extradition proceedings, could follow.

Lawrence Ang, the department's director, said that if Mr. Leeson wished to cooperate, then the department would "see what he has to offer."

But Mr. Leeson had made no formal offer of cooperation yet, Mr. Ang added.

Mr. Leeson racked up losses when he headed Barings Futures (Singapore) Pte. The Dutch insurance and financial conglomerate Internationale Nederlanden Groep NV bought what was left of Barings in March, paying off the losses and recapitalizing the firm.

McDonnell Gets \$1 Billion Deal From ValuJet

Compiled by Our Staff From Dispatches
WASHINGTON — Atlanta-based airline ValuJet Airlines Inc. on Thursday announced a purchase agreement with the aircraft manufacturer McDonnell Douglas Corp. to buy 50 of its new 100-seat MD-95s.

The order was valued at more than \$1 billion, ValuJet said. In addition, ValuJet said it signed an option to buy 50 more of the twin-engine plane.

ValuJet currently operates about 35 aircraft.

ValuJet Airlines also reported that third-quarter traffic rose 162 percent from a year ago, to 767 million passenger miles.

The order marks a victory for McDonnell Douglas over European rival Airbus Industrie.

St. Louis-based McDonnell Douglas already had lined up most of its major supplier partners for the MD-95 but was holding off launching the aircraft until it got a big order.

The purchase marks a switch for ValuJet, which had been buying cheaper used DC-9 jets. With the supply of old DC-9s shrinking and prices for new aircraft falling, ValuJet figured it would do better with the new jets that stand to be cheaper to maintain and operate.

ValuJet said it was buying five more used DC-9s and three used MD-80s, mostly from charter carriers.

Just two years old, ValuJet has been growing from its Atlanta base and now serves 26 airports in the South, East and Midwest.

Earlier reports had suggested that ValuJet was leaning toward Airbus Industrie, whose A-319 already was in production. Earlier this year, McDonnell Douglas lost another potentially major contract when Scandinavian Airlines System chose to buy 100 planes from Boeing Co.

"I didn't think I'd ever get here," said Harry Stonecipher, president and chief executive of McDonnell Douglas.

"If you've read all the press reports, I'd lost this deal three times in the last month, I think."

Mr. Stonecipher had initially set a minimum of 70 planes for the launch order, but dropped the requirement to 50 and was positive there would be additional customers down the line.

He said launching the new plane would mean adding 400 jobs in development and 1,500 in production. (Knight-Ridder, Bloomberg, AP)

Warren Buffett Cashes In \$140 Million in Salomon Stock

Compiled by Our Staff From Dispatches
NEW YORK — Salomon Inc.'s largest shareholder, Warren Buffett, said Thursday he would cash in \$140 million of preferred stock, overshadowing the company's best quarterly earnings since 1993.

Mr. Buffett, who bailed out the company in 1991 during its Treasury bond scandal, said his Berkshire Hathaway Inc., based in Omaha, Nebraska, would take cash for the preferred stock instead of converting it into common stock at \$38 a share.

Mr. Buffett said he was not abandoning his \$1 billion investment in Salomon, where his firm will continue to hold a 17.6 percent stake. He will remain on Salomon's board as chairman of its executive committee.

He said he had made the decision after considering whether "there is something else I would rather have Berkshire do with the money."

Berkshire will continue to own \$560 million of Salomon preferred that matures in the next four years.

Mr. Buffett's decision overshadowed Salomon's announcement that it earned \$258 million in the third quarter, as trading profit surged. The company had losses of \$104 million a year earlier and \$60 million in the second quarter of 1995.

"I would interpret his taking cash as a real negative signal as to his commitment to the company," said Douglas Eby, a manager of Robert E. Torrey & Co. The firm owns 1.4 million Salomon shares, less than half the 3.7 million shares Mr. Buffett would have received if he had converted preferred to common. (Bloomberg, Reuters)

WALL STREET WATCH

After CDs, Now a Rush Into Stocks?

By Tom Petruo
Los Angeles Times Service

LOS ANGELES — A lot of cash is piling up in short-term accounts at U.S. banks and mutual fund companies. That could be setting the stage for another big rally in both stock and bond markets, some specialists say.

Until fairly recently, many Americans had been shoveling cash into certificates of deposits at banks and savings-and-loans. As yields on six-month and one-year CDs began to follow market interest rates higher in February 1994, many savers responded by favoring CDs over other options for their money.

Data from the Federal Reserve Bank of St. Louis show that the total amount held nationwide in small CDs — those under \$100,000 — zoomed from \$770 billion in February 1994 to \$918 billion by June 30, 1995.

But since then, some savers have begun to have second thoughts about locking up their cash in certificates of deposit. Small-CD assets have risen just \$12 billion further, to \$930 billion.

Meanwhile, assets of taxable money-market mutual funds have jumped by \$41 billion since the end of June, to a record \$615 billion now, according to the fund-tracking concern IBC/Donohue Inc.

Assets of bank and S&L savings accounts, despite their abysmally low yields in general, have risen by \$18 billion since the end of June, to \$1.11 trillion, after falling \$53 billion in the first half of the year. The savings-account total includes passbook savings accounts and money-market deposit accounts, the latter being banks' answer to money-market mutual funds.

It's not hard to figure why people are favoring money funds and short-term bank accounts over CDs. First, CD yields have been declining since spring as market interest rates have tumbled. The national average yield on one-year CDs, for example, has fallen to 5.07 percent now from 5.79 percent on April 21, according to Bradshaw Financial Network.

Money-market fund yields have fallen, but not as dramatically. The average money fund's seven-day annualized yield peaked at 5.58 percent in April and has slid to 5.20 percent now, IBC/Donohue says.

If savers can earn 5.20 percent in a money fund that offers them immediate access to their cash, compared with 5.07 percent to lock up their money for one year, the money fund is the obvious choice.

The risk, of course, is that short-term interest rates will continue to decline, dragging money-fund yields ever lower well into 1996 — and savers who lock up their cash at 5.07 percent for a year may look smarter than those crowding into money funds today.

But how much lower can short-term rates go? Many Wall Streeters doubt that we're headed back to the days of 3 percent money-fund yields, the level that prevailed in 1993. Although the Federal Reserve Board has begun easing credit again, the economy is hardly weak enough to justify significantly lower short-term rates, at least in the view of most professional investors.

The federal funds rate, the benchmark short-term rate maintained by the Fed, was cut to 5.75 percent from 6 percent in early July, the first reduction in three years.

William Sullivan, an economist at Dean Witter Reynolds in New York, figures the Fed may shave another half-point off that rate over the next few months, if the economy stays sluggish and if Congress and the White House seal a long-term plan to balance the federal budget.

If Mr. Sullivan is right, money-fund yields may bottom out above 4.50 percent next year. If CD yields slide in tandem, money funds may still be an attractive alternative to locking up cash in CDs.

Many investors have a threshold for pain with money-fund yields, a return that simply becomes too low to endure. Whether a drop into the 4 percent range will be enough to drive investors out of money funds remains to be seen. But recent history suggests that if people believe in low yields, they won't take that cash back to the banks and buy CDs.

Instead, much of that dollar hoard is likely to be earmarked for stock and bond markets, both of which inevitably appear more attractive as short-term accounts appear less so.

Combine further Fed rate cuts with a moderately growing economy, low inflation and a balanced-budget promise from Washington, and it's easy to see a powerful new bull run on Wall Street — with small investors' cash providing much of the fuel.

Tietmeyer Urges Discipline

By Alan Friedman
International Herald Tribune

BERLIN — A strong currency is in every nation's interest, and the countries that participate in European monetary union should plan to maintain fiscal discipline on a permanent basis to keep the future single currency strong in global markets.

That was the message from Hans Tietmeyer, president of the Bundesbank, who told a gathering of business executives and diplomats here that "the best monetary policy is one that avoids devaluations, and European monetary union can help to achieve this, but only if currency linkage is accompanied by long-term convergence in fiscal policy."

Mr. Tietmeyer, in remarks made to a conference here organized by the International Herald Tribune and Germany's federal Economics Ministry, stressed the need for single-currency partners to meet the same conditions of fiscal discipline — "not just at the beginning but on a continuing basis."

These conditions include bringing budget deficits down to 3 percent of gross domestic product and conforming to specific criteria on inflation and public debt.

"We need more fiscal discipline rules that really will work," the Bundesbank chief said. Currency swings could be avoided only by "steering a steady course," he added, noting that intervention in foreign exchange markets by central banks "can give signals but not control markets."

When asked to comment on the view of Economics Minister Günter Rexrodt that it would be better to delay the start of a single currency beyond 1999 than to relax conditions for joining it, Mr. Tietmeyer said, "That is the opinion of German policy makers."

A starker view was expressed here Thursday by Ernst-Moritz Lipp, a senior general manager of Frankfurt-based Dresdner Bank AG. Mr. Lipp contended that if the target of achieving monetary union in 1999 were not met, "this would be the cause of a major European crisis."

Mr. Lipp said, "It would have implications for financial markets around the world because the Deutsche mark is one of the world's three anchor currencies, and the new European single currency must also become an anchor currency."

An increasing number of senior European central bankers and economic policymakers, while officially committed to the 1999 target date, have tended to take a more relaxed view in private, saying they believe the chances of achieving a single currency by 1999 are now no better than 50-50.

On Wednesday, Mr. Rexrodt said introducing a single currency "a year later or sooner is not decisive."

Growth Slows in China

Agence France-Press
BEIJING — The economy grew 9.8 percent in the first nine months of the year from the like period a year earlier, the State Statistics Bureau said Thursday, adding that annual growth should remain below 10 percent for the first time in four years.

Gross domestic product for the period totaled 3.65 trillion yuan (\$440.03 billion), a spokesman for the statistics bureau said. Retail-price inflation slipped to 16.6 percent from 17.2 percent a year earlier.

Beijing has fixed a growth target of between 8 percent and 9 percent for 1995. The economy grew 11.8 percent last year.

China Firm Allowed to Sue Lehman

Compiled by Our Staff From Dispatches
NEW YORK — U.S. federal court has ruled that the Chinese corporation Minmetals International Nonferrous Metals Trading Co. may sue Lehman Brothers Inc. for fraud over trading in derivatives that resulted in a loss of \$53.5 million.

The decision clears the way for a trial of a lawsuit filed by Lehman in November against the Chinese company, which it charged with breach of contract involving the trades. Lehman is also seeking to recover the lost \$53.5 million.

Lehman originally sued both Minmetals Nonferrous and its parent company, the state-owned China National Metals & Minerals Import & Export Co., alleging that the two companies had failed to repay the money lost in currency options and interest-rate swaps.

The Chinese companies counterclaimed in February, saying Lehman had tricked Hu Xiangdong, a general manager of Minmetals Nonferrous, into high-risk trades he was not authorized to make.

The federal court ordered Lehman to reply to six claims of fraud made by Minmetals by Nov. 6. (Bloomberg, Reuters)

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CURRENCY & INTEREST RATES

Cross Rates									
	£	DM	FF	Yen	S.F.	Yen	CS	Peru	Other
Australian	1.581	2.485	1.202	8.219	0.921	—	5.445	1.278	1.185
Brussels	21.115	48.825	38.575	3.855	1.254	—	26.255	0.282	2.267
Frankfurt	1.412	2.224	—	1.258	0.897	—	4.888	1.229	1.487
London	1.712	—	—	2.714	2.002	2.482	45.835	1.807	19.815
Madrid	122.881	192.229	84.444	24.61	7.587	—	10.126	10.457	11.427
Paris	1.594	2.512	1.123	20.45	—	—	1.007	50.718	1.934
New York	1.594	2.512	1.123	20.45	—	—	1.007	50.718	1.934
Porto	4.972	7.871	3.526	—	—	—	6.212	3.526	—
Tokyo	161.78	182.72	70.15	—	—	—	0.107	4.728	0.715
Toronto	1.34	2.112	0.927	0.779	0.891	—	0.829	1.183	1.237
Zurich	1.149	1.857	0.815	0.222	0.871	0.771	3.583	—	1.147
1 ECU	1.216	0.841	1.545	—	—	—	1.232	22.18	1.761
1 SDR	1.203	0.932	1.117	7.475	2.457	1.239	43.9	1.228	13.181

Eurocurrency Deposits									
	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU		
1 month	5 1/4 - 5 1/2	4 - 4 1/4	2 - 2 1/2	6 1/4 - 6 1/2	6 1/4 - 6 1/2	7 1/4 - 7 1/2	5 1/4 - 5 1/2		
3 months	5 1/4 - 5 1/2	4 - 4 1/4	2 - 2 1/2	6 1/4 - 6 1/2	6 1/4 - 6 1/2	7 1/4 - 7 1/2	5 1/4 - 5 1/2		
6 months	5 1/4 - 5 1/2	4 - 4 1/4	2 - 2 1/2	6 1/4 - 6 1/2	6 1/4 - 6 1/2	7 1/4 - 7 1/2	5 1/4 - 5 1/2		
1 year	5 1/4 - 5 1/2	4 - 4 1/4	2 - 2 1/2	6 1/4 - 6 1/2	6 1/4 - 6 1/2	7 1/4 - 7 1/2	5 1/4 - 5 1/2		

Key Money Rates									
	Unit	Price	Rate	Unit	Price	Rate	Unit	Price	Rate
Discount rate	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Prime rate	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Forward rate	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
3-month T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
6-month T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
9-month T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
1-year T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
2-year T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
3-year T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
5-year T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
7-year T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
10-year T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
30-year T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
10-year Treasury bond	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
30-year Treasury bond	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
10-year Government bond	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4

Forward Rates									
	30-day	60-day	90-day	180-day	360-day	540-day	720-day	900-day	1080-day
Forward Sterling	1.5701	1.5649	1.5580	1.5491	1.5372	1.5221	1.5042	1.4825	1.4565
Forward Dollar	1.2380	1.2380	1.2380	1.2380	1.2380	1.2380	1.2380	1.2380	1.2380
Forward Mark	1.4131	1.4131	1.4131	1.4131	1.4131	1.4131	1.4131	1.4131	1.4131

Sources: ING Bank (Amsterdam); Interbank Bank (Brussels); Banca Commerciale Italiana (Milan); Agence France-Press (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDG). Other data from Reuters and AP.

EUROPE

German Banks Are Targets of Tax Investigation

Compiled by Our Staff From Dispatches

BONN — German authorities are investigating thousands of customers of two of Germany's largest banks on suspicion they invested funds in Luxembourg to evade taxes, legal and tax officials said Thursday.

The chief Düsseldorf prosecutor, Jochen Ruhland, said investigations into possible tax evasion by customers at Dresdner Bank AG had been stepped up to include several thousand cases where there was "a certain suspicion."

Separately, a tax investigation official told a Frankfurt court that as many as 2,000 customers of Commerzbank AG were being investigated after

authorities studied a list of Luxembourg customers that had been stolen from the bank.

The official was testifying at the trial of a 39-year-old man convicted of stealing the file and then blackmailing the bank by threatening to publish the contents.

Despite Commerzbank's protests, the recovered stolen documents were passed on to tax authorities, providing the basis for the investigations.

The introduction of a 30 percent withholding tax on interest income in 1993 prompted a huge influx of funds into Germany's tiny neighbor country.

Moving funds abroad is not illegal, but failure to report interest income to German tax authorities and deliberate tax evasion are in breach of the law.

Dresdner denied any wrongdoing and said it was being made "a scapegoat for loopholes in the law left by legislators."

The bank made its comments in response to a television report on the state-run channel ARD that investigators suspected Dresdner of helping clients with interest-bearing accounts transfer funds illicitly to Luxembourg.

The report said prosecutors had searched the homes of 50 Dresdner clients and identified 20 bank employees who had advised clients to make the illicit transfers. The bank said the TV report revealed "nothing new."

(Reuters, AFP)

Nokia Shares Drop Despite Jump in Profit

Bloomberg Business News

HELSINKI — Shares in Nokia AB slumped 7 percent Thursday despite the fact that the telecommunications equipment maker posted a 58 percent rise in profit for the first eight months of the year.

Nokia's eight-month pretax profit rose to 3.62 billion markka (\$841.9 million) from 2.29 billion markka a year earlier. Sales rose 26 percent, to 22.9 billion markka.

The company's largest division, mobile phones, posted a 58 percent rise in sales, to 9.57 billion markka.

Nokia shares dropped 20 markka, to 265.

"It was a great result indeed, but unfortunately it was somewhat below expectations," said Peter Langenskiöld, an analyst at Gyllenberg Securities.

EU Looks at Bank Aid

The European Commission will clamp down on state aid to banks and will scrutinize recent bank mergers amid concerns that competition in the banking industry is being stifled, the European Union's top antitrust official said, according to a Bloomberg Business News dispatch from Brussels.

Karel Van Miert, the EU's competition commissioner, said he was investigating "a whole series" of cases of state aid to banks.

Uphill Climb for West's Carmakers Korean Imports May Hasten Industry 'Shakeout'

By Erik Ipsen

International Herald Tribune

LONDON — Auto industry executives Thursday painted a bleak picture in which the increase in plant capacity is likely to outpace rising demand for the foreseeable future.

Pointing out that the industry already has the capacity to build "millions" more new cars than there is currently demand for, Ford Motor Co.'s chairman and chief executive said that a tough market would get only tougher. What is more, warned Alexander J. Trotman, "we are not nearly as prepared for it as we think we are."

Speaking at a conference in London, Mr. Trotman singled out South Korea for hastening a huge "shakeout" in the industry. He predicted that Korean auto manufacturers would be churning out 5 million cars annually by 1998, while their own domestic demand was unlikely to exceed 2 million cars.

"Guess where the extra 3 million cars are going," Mr. Trotman said. "They are going to the U.S. and Western Europe."

He also chided South Korea for maintaining one of the world's most protected auto markets, noting that imports accounted for less than 0.2 percent of total sales there.

Speaking at the same conference, one industry expert insisted that the South Korean threat had been exaggerated. "It will not be as easy for the Koreans as it was for the Japanese," predicted Garel

Rhys, a motor industry expert at the Cardiff Business School.

When Japanese cars began flooding world markets two decades ago, they were not only cheaper but often more built as well, Mr. Rhys said. Having now pulled themselves up to Japanese standards in terms of quality and efficiency, many carmakers in Europe and America are in a far better position to hold their own in the face of this newest threat, he argued.

Intense competition and the drive for greater efficiency have forced automobile components manufacturers, for instance, to squeeze more out of their plants, said J.T. Battenberg III, chief executive of Delphi Automotive Systems, the components-making arm of General Motors Corp.

"If someone comes to me and says that their plant is now operating two shifts and 80 hours a week, I give them poor marks," he said. "We measure full capacity as 168 hours a week."

In Europe, however, recent gains in efficiency have not been enough to forestall an explosion in Korean car imports this year. The entry of makers such as Hyundai, Daewoo and Kia into European markets has come at a particularly painful time for the industry.

Paolo Cantarella, chief executive of Fiat Auto SpA, called the 1.2 percent rise in car sales in the first half of the year disappointing and predicted that the second half would be "even worse." For the

full year in Europe, he said, "I think we will end up with gains of only zero point something."

Once again auto executives contrasted the sluggish and highly competitive markets in the industrialized world with those of the emerging markets. Mr. Cantarella pointed to sluggish growth in car production in America, Europe and Japan. Total output in those markets has risen from 35 million units in 1984 to 38 million last year and is anticipated to climb to 39 million by 2004.

But beyond those crowded markets he found grounds for optimism. In the rest of the world he saw gains in demand that would lift production from 6.5 million cars in 1984 to 20 million by 2004.

Although auto executives outlined ambitious expansion plans in emerging markets from Brazil to China, Mr. Rhys criticized Europe's manufacturers for avoiding the United States. He compared the withdrawal of all the Europeans from the mass-market end of the United States to the battle of Yorktown, at which the American colonies defeated Britain.

Mr. Cantarella also was quick to redefine what "global" needed to mean to today's auto industry. He insisted that a lack of an American presence did not constitute a handicap.

"You only need to be strong in one of the three main established markets to be global," he insisted. Asked about Fiat's approach to the U.S. market, he summed it up in two words: "stay away."

Investor's Europe

Frankfurt DAX London FTSE 100 Index Paris CAC 40

2100 2300 2400 2500 2600 2700 2800 2900 3000 3100 3200 3300 3400 3500 3600 3700 3800 3900 4000 4100 4200 4300 4400 4500 4600 4700 4800 4900 5000 5100 5200 5300 5400 5500 5600 5700 5800 5900 6000 6100 6200 6300 6400 6500 6600 6700 6800 6900 7000 7100 7200 7300 7400 7500 7600 7700 7800 7900 8000 8100 8200 8300 8400 8500 8600 8700 8800 8900 9000 9100 9200 9300 9400 9500 9600 9700 9800 9900 10000

1990 M J J A S O 1995 M J J A S O 1995 M J J A S O

Exchange Index Thursday Close Prevs. Close % Change

Amsterdam EOE 458.48 457.77 -0.28

Brussels Stock Exchange 7,731.25 7,738.04 -0.09

Frankfurt DAX 2,179.60 2,184.81 -0.69

Copenhagen Stock Market 361.37 361.08 +0.08

Helsinki HEX General 2,015.06 2,028.72 -3.99

Oslo OBX 417.65 422.34 -1.11

London FTSE 100 3,578.60 3,583.00 -0.40

Madrid Stock Exchange 300.26 301.40 -0.38

Milan MIBTEL 9,301.00 9,398.00 -1.03

Paris CAC 40 1,757.30 1,770.55 -0.75

Stockholm SX 16 1,936.81 1,965.60 -1.46

Vienna ATX 916.08 913.31 +0.30

Zurich SPI 2,023.11 2,028.82 -0.34

Source: Telekurs International Herald Tribune

Very briefly:

• Clariant AG, which was spun off by Sandoz AG in June, said its consolidated sales in the first nine months of 1995 fell 6 percent, to 1.65 billion Swiss francs (\$1.43 billion).

• Groupe des Assurances Nationales, the French state-owned insurer, said its first-half net loss narrowed to 387 million French francs (\$78 million) from 846 million francs a year earlier, helped by improvement in its nonlife insurance business.

• Sparbanken Sverige AB will exercise its option to buy 35 percent of Robur Kapitalförvaltning AB at 206.10 kronor a share (\$29.92) and offered to buy shares it did not already own at 231.10 kronor each. The combined cost of the two operations is expected to be 1.74 billion kronor.

• South African auto industry exports are expected to top 3.2 billion rand (\$876 million) in 1995, compared with 2.6 billion rand in 1994, the National Association of Automotive Component and Allied Manufacturers said. Components account for about two-thirds of the value of automotive exports.

• Britain saw the number of companies going into receivership drop to 416 in the quarter ended in September from 508 a year earlier, according to the accounting firm KPMG.

• Moldova-Gaz will halt natural-gas and electricity supplies to all companies not paying for gas they consume so that Moldova can pay its \$112 million gas debt to Russia.

• Rea Brothers Group PLC plans to raise £20 million (\$31.4 million) for Finsbury Technology Trust PLC by issuing 20 million shares on the London Stock Exchange.

• Philips Electronics NV's Philips Communications & Processing Services unit and BSO/Origin intend to merge at the beginning of next year. (Reuters, AFP, Bloomberg)

Trafalgar to Hold Off on Dividend OECD Nears Czech Decision

Reuters

LONDON — Trafalgar House PLC said Thursday it would make a final decision in December on paying a dividend for the second half of its 1994-95 financial year.

The company warned that its operating loss deepened in its second half, ended Sept. 30, and that payment of ordinary and preference dividends looked unlikely.

"No decisions on dividends have been taken," the company said, "but on the basis of information currently available, it is doubtful whether we will make the payments on the cumulative preference shares on 31 December 1995 and 31 Jan-

uary 1996. A final decision will be taken by the board on 15 December."

Hongkong Land, which holds a 26 percent stake in the British conglomerate and is its biggest shareholder, confirmed that it remained a long-term investor. Hongkong Land also said it was supportive of the action management was taking, according to Nigel Rich, Trafalgar's chief executive officer.

Hongkong Land is 31 percent owned by the Hong Kong conglomerate Jardine Matheson Ltd.

In the first half of this year, Trafalgar House had an operating loss of £14.9 million (\$23.4 million) and, after interest and other costs, a pretax loss of £48.2 million.

It paid no interim dividend. Trafalgar said its results for the second half would reflect continuing poor performances and losses at several of its businesses.

The company said it also expected to take additional "substantial provisions" in the second half to cover restructuring mainly at its metals engineering units.

The company said it had issued the statement after the recent sharp fall in the company's share prices. But Trafalgar's shares ended slightly higher Thursday at 21.75 pence.

OECD Nears Czech Decision

Reuters

PARIS — The Organization for Economic Cooperation and Development is to hold talks Friday that could pave the way for the Czech Republic to become the first former Communist country to join the group, possibly this year, diplomats said.

A Czech delegation will meet with OECD officials to decide whether the country has moved enough toward a free-market economy to qualify for membership.

"This is the final most important meeting to complete the whole procedure," one diplomat said.

AMEX

Thursday's 4 p.m. Close
The top 300 most active stocks
Up to the closing on Wall Street.
The Associated Press

Stock Sales High Low Last Close

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U.S. STOCK MARKET DIARY

Most Active
NYSE

Vol. High Low Last Close

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INTERNATIONAL FUTURES

Oct. 19, 1995

High Low Close Open

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ASIA/PACIFIC

Motorola to Join Chip Alliance

Group Will Develop a Billion-Bit Memory Device

By Andrew Pollack
New York Times Service

TOKYO — In a broadening of the trend toward international alliances in the semiconductor industry, Motorola Inc. is to join International Business Machines Corp., Toshiba Corp. of Japan and Siemens AG of Germany in a four-way partnership to develop a 1-billion-bit memory chip, industry executives said Thursday.

The industry's high expenses have made collaboration increasingly common. The cost of developing new chips has risen to hundreds of millions of dollars, and the cost of a new factory can easily exceed \$1 billion. But the new alliance appears to be unique in having so many partners; most other tie-ups involve only two companies.

No formal announcement of the deal has yet been made.

"We can confirm that we are discussing the possibility of a four-way alliance," Toshiba said Thursday. But it added that "no final agreement has been reached, and we have nothing to announce at this time."

IBM, Siemens and Toshiba are already collaborating to develop future memory chips, which are used to store information in personal computers and other electronic appliances.

Essentially, Motorola will join the existing coalition and is expected to pay several hundred million dollars to compensate the others for the work they have already done.

The billion-bit chip, known as a one-gigabit dynamic random-access memory device, can store the equivalent of 10 volumes of the complete works of Shakespeare, four hours of digital music or 15 minutes of video. It is expected to cost more than \$1 billion for the four partners to develop the chip, which is expected to reach the market around the turn of the century.

The gigabit chip will store 64 times as much information as the current generation of memory chip, the 16-megabit D-RAM, which can hold about 16 million zeroes and ones of the code used by computers. Toshiba, IBM and Siemens have already worked together to develop the 64-megabit chip, which will be the next generation, and the 256-megabit chip, which will be the generation after that.

By entering the alliance, Motorola, a leading semiconductor and communications-equipment manufacturer, will be able to continue in the D-RAM business.

Motorola has had a joint venture with Toshiba for seven years that manufactures memory chips in northern Japan. The venture, which uses Toshiba technology, is now manufacturing the 16-megabit chip. But to move to the next-generation chip, Motorola would have had to license the

technology from the IBM-Toshiba-Siemens alliance, because Toshiba alone did not develop it.

Instead, Motorola decided to become a member of the alliance, allowing it to take part in future development, a Motorola executive said. The company will send engineers to the IBM plant in East Fishkill, New York, where the joint memory-chip development work is taking place.

The four companies involved already have a number of alliances. This year, Toshiba and IBM announced that they would jointly build a semiconductor factory in Virginia to manufacture D-RAMs and other chips. The two companies also have a joint factory in Japan that makes screens for notebook computers.

IBM and Motorola, meanwhile, are co-operating with Apple Computer Inc. in the development of PowerPC chips, a family of microprocessors designed by IBM and now used in Apple's Macintosh computers.

Toshiba has licensed from IBM the right to use the PowerPC chips.

This year, Hitachi Ltd. and NEC Corp. announced separately that they had developed the first prototypes of the one-gigabit D-RAM. Hitachi has been working with Texas Instruments Inc. on memory-chip technology, and NEC has been co-operating with AT&T Corp. and Samsung Co. of South Korea.

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Low Steps Down

As Chairman Of Coles Myer

Compiled by Our Staff From Dispatches
MELBOURNE — Solomon Lew yielded to pressure from large investors Thursday and said he would step down as chairman of Coles Myer Ltd.

Mr. Lew, who owns about 13.5 percent of Coles Myer, said he would remain on the board as deputy chairman of Australia's largest retailer.

Two of Mr. Lew's strongest supporters on the board, Lindsay Fox, a trucking company owner, and Will Bailey, a former banker, also said they would quit. Five independent directors are to be appointed in addition to an independent non-executive chairman.

Jeff Kennett, prime minister of Victoria state, announced that one of Coles Myer's three independent directors, Sir James Gobbo, had also resigned to take up the position of lieutenant governor of Victoria.

Mr. Lew's stepping down could mark the end of a controversy that began in September, when the company's finance director, Philip Bowman, was fired after he questioned a secret transaction that cost Coles Myer 18 million Australian dollars (\$13.5 million) and benefited a company in which Mr. Lew has an interest by the same amount.

The institutional investors who have been leading the campaign for board changes depends greatly on the fortunes of the real estate market, analysts said.

"If land values continue to decline significantly, they may have even more losses to deal with," said Steven Weiler, an industry analyst in the Tokyo office of Jardine Fleming Securities Co.

Still, Mr. Weiler praised the company's willingness to act by selling properties for far less than the original purchase price.

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Shanghai analysts said the deal might open the way for foreign companies to set up joint ventures with listed Chinese companies. But a follow-up might be years away because of China's concerns about losing control over key state companies. (Bloomberg, Reuters)

Investor's Asia				
Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong Hang Seng		9,981.51	9,973.70	+0.08
Singapore Straits Times		2,088.74	2,104.89	-0.77
Sydney All Ordinaries		2,111.90	2,111.40	+0.02
Tokyo Nikkei 225		17,955.36	17,955.87	+0.33
Kuala Lumpur Composite		944.81	948.72	-0.20
Bangkok SET		1,297.81	1,298.43	-0.05
Seoul Composite Index		1,060.22	1,068.70	-0.84
Taipei Stock Market Index		4,941.42	5,033.07	-1.82
Manila PSE		2,613.51	2,633.19	-0.75
Jakarta Composite Index		499.08	499.48	-0.08
Wellington NZSE-40		2,283.42	2,195.44	+0.36
Bombay Sensitive Index		3,538.83	3,564.11	-0.71

Source: Telekurs International Herald Tribune

Very briefly:

• Microsoft Japan Co., a unit of the U.S. software company, expects to sell 5 million units of Windows 95 in the first year of its release in Japan. The Japanese version of the new operating system will be released Nov. 24.

• India's benchmark stock index, the Sensitive Index, fell nearly 1 percent, with the market's leading issue, Reliance Industries Ltd., down nearly 2 percent on concern that 1 million fake or duplicate certificates of the company's stock may be circulating.

• The Philippines' budget surplus grew 15 percent, to 8.6 billion pesos (\$331.9 million), in the first nine months of the year helped by spending cuts.

• Philippine Airlines Inc. expects to lose around 2 billion pesos in revenue every year with the entry of U.S. competition.

• Seven Network Ltd. said it owned 48.54 percent of Sunshine Broadcasting Network Ltd., after buying 14.2 million shares for 109.9 million Australian dollars (\$82.6 million).

• An ABB Asea Brown Boveri Ltd. unit will supply equipment to a power plant in Vietnam. (Bloomberg, Reuters, AFP, APX)

Haseko to Unload Land and Post Loss

Bloomberg Business News

TOKYO — Haseko Corp., a Japanese condominium builder, announced plans Thursday to unload more than half its land holdings and said the slump in Japanese real-estate prices would cause its first-ever loss.

"The real-estate market slump has continued for several years, and that's hurt our bottom line, so dealing with this by promptly liquidating land holdings is our highest managerial priority," Kohei Goda, the company's chief executive, said.

The company said it would give up more than 50 percent of its property holdings and post a loss of 190 billion yen (\$1.9 billion) for the year ending in March.

Haseko said the loss would be its first since becoming a publicly traded company in 1961. Previously, it forecast a profit of 500 million yen for the year.

Haseko also said it would not be able to pay a dividend for the year. It previously forecast a payout of 5 yen a share.

The Tokyo Stock Exchange suspended trading in Haseko shares when the company announced the press conference to report the earnings revisions. The stock finished the day 28 yen lower, at 351, a drop of 8 percent.

Stock in Haseko had already lost 13 percent of its value this week before the announcement.

Takehiko Yamamura, a Haseko executive vice president, said he was confident no insider trading had taken place before news of the loss was released. He said no internal investigation into the possibility of a leak of the news was planned.

"The plunge in land prices has been much steeper than we expected," Mr. Goda said when asked why the company had not acted earlier.

By selling the land, Haseko hopes to shrink its debt by 23 percent, to 124.7 billion yen. Much of the property is to be handed over to an affiliate set up to sell it over the next four years.

A return to profit in the next financial year would not be beyond reach for Haseko, but it depends greatly on the fortunes of the real estate market, analysts said.

"If land values continue to decline significantly, they may have even more losses to deal with," said Steven Weiler, an industry analyst in the Tokyo office of Jardine Fleming Securities Co.

Still, Mr. Weiler praised the company's willingness to act by selling properties for far less than the original purchase price.

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Shanghai analysts said the deal might open the way for foreign companies to set up joint ventures with listed Chinese companies. But a follow-up might be years away because of China's concerns about losing control over key state companies. (Bloomberg, Reuters)

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■ **China Sells First Stake In Car Firm**

Compiled by Our Staff From Dispatches
SHANGHAI — Isuzu Motors Corp. and Itochu Corp. of Japan won clearance to buy a 25 percent stake in a Chinese automaker, Beijing Light Bus Co., the company said Thursday, in the first such deal since China revised stock markets in 1990.

A statement from the Chinese company said Beijing Light Bus, listed in Shanghai, had become a Chinese-Japanese joint venture with the two Japanese companies as the biggest shareholders.

Foreigners have been confined to hard-currency B shares listed on the Shanghai and Shenzhen markets and have not been allowed to buy corporate or "legal person" shares in listed Chinese companies.

Shanghai analysts said the deal might open the way for foreign companies to set up joint ventures with listed Chinese companies. But a follow-up might be years away because of China's concerns about losing control over key state companies. (Bloomberg, Reuters)

■ **Hyogo Debt Plea Is Considered**

The Finance Ministry said it may ask foreign investors who hold subordinated bonds of Hyogo Bank Ltd. to give up some of the value of the bonds, Reuters reported.

Hyogo collapsed in August under the weight of bad loans. A new bank is being set up to take over the business of Hyogo, which will be closed down.

The Associated Press.

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12 Month	High	Low	Stock	Div	Yld	P/E	52	High	Low	Latest	Close
1971	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1972	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1973	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1974	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1975	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1976	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1977	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1978	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1979	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1980	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1981	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1982	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1983	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1984	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1985	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1986	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1987	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1988	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1989	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1990	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1991	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1992	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1993	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1994	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1995	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1996	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1997	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1998	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
1999	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
2000	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
2001	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
2002	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
2003	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
2004	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
2005	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00
2006	1.10	1.00	100	1.10	1.00	100	1.10	1.10	1.00	1.00	1.00

[The following page contains extremely faint, illegible text, likely bleed-through from the reverse side of the document.]

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October 19, 1995

a	SBC GEN PHS-DM Inc A	DM	1015.24	Conquest Actions Intl	BF	9024.80
b	SBC GEN PHS-DM Inc B	DM	1123.33	Conquest Odr Bkms CT	BF	11145.80
c	SBC GEN PHS-DM Inc A	DM	1042.81	Conquest Odr Bkms LT	BF	10846.00

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THE WORLD'S DAILY NEWS PAPER

SPORTS

Series Pitching Is Game's Finest

By Murray Chass
New York Times Service

NEW YORK — The World Series, which begins Saturday night, should provide an interesting contest between two talented pitching staffs, the best in each league.

Bobby Cox, the Braves' manager, has named his starters for the first three games: Greg Maddux, Tom Glavine and John Smoltz.

Mike Hargrove, the Indians' manager, hasn't said, but he most likely will use Orel Hershiser, Charles Nagy and Dennis Martinez, who allowed the Mariners only four hits in seven innings in the Indians' clinching 4-0 victory Tuesday night in Seattle.

Both rotations are so deep that each manager can go to a strong fourth starter, Steve Avery for the Braves and Ken Hill for the Indians. Each pitched the bulk of a shutout in the fourth game of their respective championship series last Saturday night.

Avery pitched six innings for the Braves as they completed

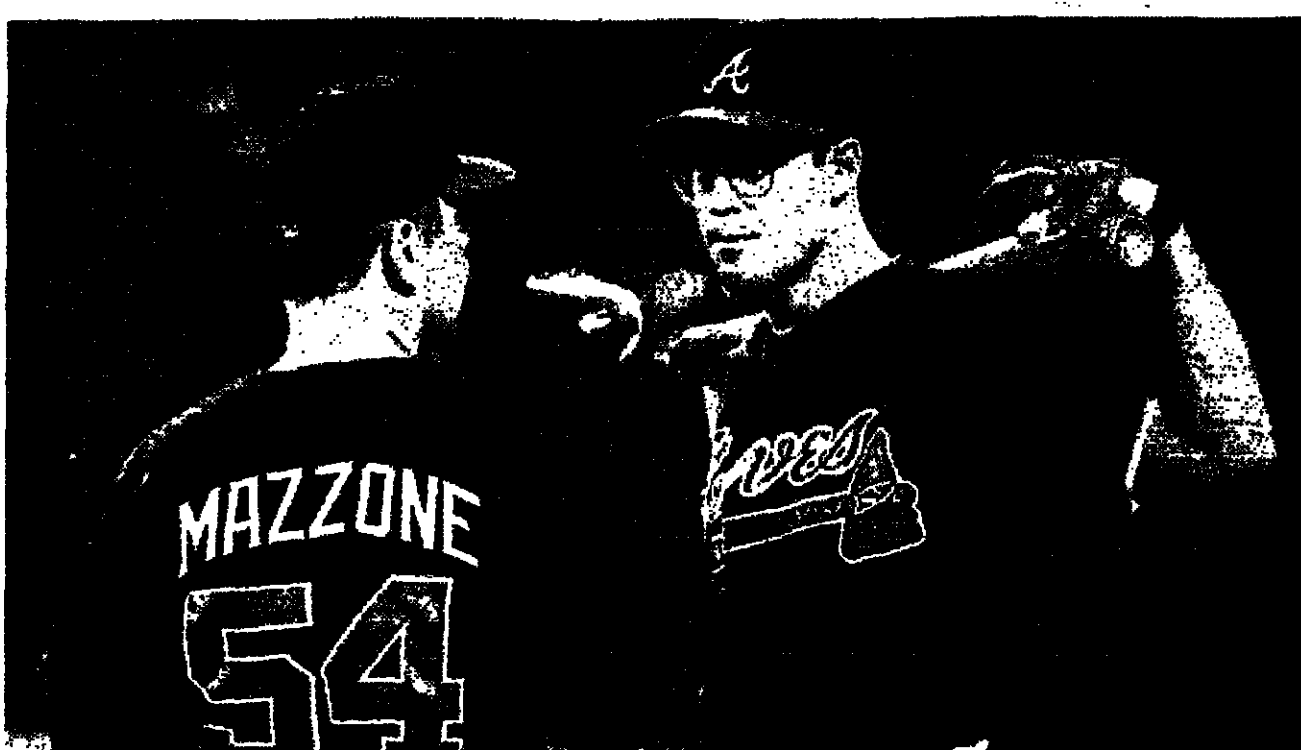
their four-game sweep of the Reds, and Hill pitched seven innings as the Indians evened their series at two games apiece.

Both teams also have strong relief corps headed by closers who established themselves in those roles this season.

Jose Mesa was brilliant in amassing a major-league-high 46 saves for the Indians in his first season as a closer. Mark Wohlers, who took over as the primary closer six weeks into the season, registered 25 saves as he finally rewarded the Braves for their patience by excelling in the job they saved for him.

"It should be a very exciting series," said Randy Johnson, the Mariners' ace, who knows something about pitching.

Johnson, whose heroic efforts the first 17 days of October will go down in baseball's postseason lore, was disappointed that the Mariners won't be going to Atlanta but said, "I'm really looking forward to seeing the World Series and seeing the Indians play in it because I want to see what they



Greg Maddux, who will start Game 1 Saturday for Atlanta, with the pitching coach Leo Mazzone at a Braves practice.

can do against a pitching staff like the Atlanta Braves, and see how the pitching staff for Cleveland will do against a comparable lineup."

Perhaps the most interesting aspect of the pitching matchup is that the Indians' starters, for the most part, are National League expatriates. Only Nagy is a pure American Leaguer.

Martinez began his career in the American League, but before joining the Indians two years ago, he spent eight seasons in the other league. Hershiser and Hill were career National Leaguers until this year, Hershiser signing with the Indians last April as a free agent, and Hill changing leagues in a trade July 27.

Another factor in the Series will be the absence of the designated hitter in Atlanta. Designated hitters are unwelcome in National League cities, so Hargrove will have to decide what to do with Eddie Murray, his good-hitting DH.

Hargrove could simply use Murray as a pinch-hitter, meaning that he would bat once a

game at most, or he could send his immobile body out to play first base in place of Paul Sorrento.

During the season Murray outlasted Sorrento by nearly 100 points, 323 to 235, but in 113 fewer times at bat Sorrento hit four more home runs, 25 to 21, and drove in only three fewer runs, 79 to 82.

A Jet-Lag Factor In Baseball Stats?

By Gina Kolata
New York Times Service

NEW YORK — Oh, the travails of travel — and the seductive appeal of baseball statistics. Jetting across time zones can bring on headache, insomnia, fatigue and a feeling of fuzzy-headedness. Baseball statistics have been known to cause the same symptoms, but no fan is able to resist them.

A University of Massachusetts neurologist and two colleagues are the latest to succumb to the numbers game, reporting that for major-league baseball players, jet lag may mean the difference between winning and losing a game and, possibly, between winning and losing a division race.

Using records for the last three complete baseball seasons, Dr. Lawrence D. Recht and Dr. William J. Schwartz of the University of Massachusetts Medical School, and Dr. Robert A. Lew of the Brigham and Women's Hospital in Boston concluded that West Coast teams that had just traveled to the East Coast gave up at least one additional run in each game they played.

Their conclusions were published in a letter in Thursday's issue of *Nature*, a British science journal.

Schwartz said in an interview that the study is "certainly a very preliminary look." But, he and his colleagues reported, "In 1991 and 1993, the National League Western Division races were lost by West Coast teams to their eastern rivals by only one game."

The study of baseball records began "as a lark," Recht said. At lunch one day, Schwartz was talking about the lack of good data showing jet lag's effects. Recht, an avid baseball fan, proclaimed that baseball records might be a treasure trove of information.

They looked at performance when West Coast teams traveled east, because sleep researchers have found that eastward travel is more difficult to adjust to than westward travel. Going east requires people to go to bed earlier and awaken earlier than normal, and the body's natural inclination is to have its internal clock drift toward a longer day, not a shorter one.

Using baseball statistics to look for a jet-lag effect is "a cute idea," said Dr. Gary S. Richardson, director of the sleep disorders service at the Brigham and Women's Hospital. And, he added, "It constitutes the first statistical evidence" that jet lag directly alters athletic performances.

But Dr. Carl Morris, head of the statistics department at Harvard University, cautioned that the researchers did not analyze enough data for him to have confidence in their conclusions. "I would want to see more evidence," he said.

Morris is puzzled, for example, by the fact that the investigators report that East Coast teams do not seem to do worse when they travel from the West Coast back home, although their own theory says they should.

SCOREBOARD

HOCKEY

NHL Standings

EASTERN CONFERENCE									
Team	W	L	T	Pts	GF	GA	W	L	T
Philadelphia	4	0	1	9	27	4			
New Jersey	4	0	1	9	27	4			
Washington	4	0	1	9	27	4			
Florida	4	0	1	9	27	4			
N.Y. Rangers	4	0	1	9	27	4			
Tampa Bay	3	1	1	7	24	11			
N.Y. Islanders	2	4	1	5	11	24			

WESTERN CONFERENCE									
Team	W	L	T	Pts	GF	GA	W	L	T
Hartford	4	0	1	9	27	4			
Boston	4	0	1	9	27	4			
Pittsburgh	4	0	1	9	27	4			
Buffalo	4	0	1	9	27	4			
Ottawa	4	0	1	9	27	4			
Montreal	4	0	1	9	27	4			

WEDNESDAY'S RESULTS				
Edmonton	0	0	1	1
Buffalo	2	1	1	4
First Period: B-Peco 2 (LaFontaine) (pp), 2,				

B-Plante L. Second Period: B-Jones 1 (Barridge, Zhitko) 3-4; Third Period: E-Cover 3 (Barridge, Zhitko) 3-4; Total Periods: 3-4 Washington Capitals (wpl.) 5 Points L-12-9-9-29, Goals: E-Cover, B-House Washington Capitals (wpl.) 5 Points	0	2	0	2	4	4
First Period: Colorado, Saito & (Young), 2 Colorado, Nolan 3 (Young, Saito) (wpl.) Second Period: W-Pucka 3 (Young, Jansson) 26 Colorado, W-Pucka 3 (Young, Jansson) 26 Colorado, Deadmarsh 3 (Stanley, Ysella), & W- Huntar 3 (Johansson, Jansson) (wpl.) Third Period: W-Nose, Adams, and (wpl.) 4-13-11-26 Colorado 13-10-10-43 Opportunities: W: 2 of 7; Colorado 1 of 5 Goals: W-Pucka, Kozlik, Colorado, Fleet Washington Capitals (wpl.) 5 Points Washington Capitals (wpl.) 5 Points	0	2	0	2	4	4
First Period: V-Lindin 3 (Mediano, Bernado), Second Period: V-Clutter 1 (O'Dell, Sandoz), Third Period: V-Clutter 1 (O'Dell, Sandoz), Kilger, & V-Maglaya 6 (O'Dell, Brown), & V- Brown 1 (O'Dell, Sandoz), & V-Maglaya 7	0	2	0	2	4	4

SECOND PERIOD										
Team	W	L	T	Pts	GF	GA	Team	W	L	T
Philadelphia	4	0	1	9	27	4				
New Jersey	4	0	1	9	27	4				
Washington	4	0	1	9	27	4				
Florida	4	0	1	9	27	4				
N.Y. Rangers	4	0	1	9	27	4				
Tampa Bay	3	1	1	7	24	11				
N.Y. Islanders	2	4	1	5	11	24				

DENNIS THE MENACE

FOURTH PERIOD										
Team	W	L	T	Pts	GF	GA	Team	W	L	T
Philadelphia	4	0	1	9	27	4				
New Jersey	4	0	1	9	27	4				
Washington	4	0	1	9	27	4				
Florida	4	0	1	9	27	4				
N.Y. Rangers	4	0	1	9	27	4				
Tampa Bay	3	1	1	7	24	11				
N.Y. Islanders	2	4	1	5	11	24				



NINTH PERIOD										
Team	W	L	T	Pts	GF	GA	Team	W	L	T
Philadelphia	4	0	1	9	27	4				
New Jersey	4	0	1	9	27	4				
Washington	4	0	1	9	27	4				
Florida	4	0	1	9	27	4				
N.Y. Rangers	4	0	1	9	27	4				
Tampa Bay	3	1	1	7	24	11				
N.Y. Islanders	2	4	1	5	11	24				



Team	W	L	T	Pts	GF	GA	Team	W	L	T
Philadelphia	4	0	1	9	27	4				
New Jersey	4	0	1	9	27	4				
Washington	4	0	1	9	27	4				
Florida	4	0	1	9	27	4				
N.Y. Rangers	4	0	1	9	27	4				
Tampa Bay	3	1	1	7	24	11				
N.Y. Islanders	2	4	1	5	11	24				

THIRTEENTH PERIOD		
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Bear Mascots, Referees On Stilts Can't Fill Arena

The two winners will play each other Friday night, followed by the Perth Wildcats winners of the Australian title just last Sunday, against the Houston Rockets, the first NBA champion to appear in this tournament. Thus this McDonald's billed as the first world championship for clubs. The Rockets are expected to survive the absence of center Hakeem Olajuwon, who became the NBA's dominant player during Michael Jordan's short retirement. He is recovering from elbow surgery, but the Rockets still bring an international star in former Dream Teamer Clyde Drexler.

Webber and Longley were each suspended for one regular-season game and fined \$7,500 apiece. Bulls rookie Rasheed Wallace was fined \$5,000 for his role in the altercation.



to Jose Coceres, second-seeded Australia escaped the fate that befell the Americans when Craig Parry birdied the "Road Hole" 17th to beat Vicente Fernandez and give his team a 2-1 victory over Argentina.

That left it to Els, the World Match Play champion, who bogeyed the 17th to lead by just one playing the last match against Alexander Cejka. He birdied it to ensure the victory.

Correction

A report in Thursday's editions incorrectly identified the team that the Cleveland Indians played in their last World Series appearance, in 1954. The Indians lost the Series to the New York Giants, 4-0.

In Group C, Juventus scored three goals in eight minutes during the first half and added another in the second half to crush Rangers.

Schumacher is away from his One champi-

short track, with several tight premium on technique. "I wasn't commenting on the sport, I was commenting on the sport instead to play soccer

INTERNATIONAL CLASS

1. CARIBBEAN/BRATISLAVA

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DANG SMITS AWS
JAWEE PETRI PEE
WHATALWAYS LAM
NOTTALL EROTI
LOSS PNOM
CALIPH TROUBLE
ALIPH SHIRE EL
MAKESANYMANME
UTE ALANO ACT
SEASHORE HIGHE
CLUE MANN
BLOUSE REVIEWE
RITZ THELETTER
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